

CITY OF CEDAR FALLS, IOWA

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2014**

Prepared by:

Finance/Public Records Division
Of
Department of Administrative Services

Jennifer Rodenbeck, CPA, CPFO
Finance Manager/City Clerk

**City of Cedar Falls, Iowa
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014**

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DEPARTMENT OF ADMINISTRATIVE SERVICES

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October 15, 2014

To Mayor Crews, Members of the City Council and Citizens of the City of Cedar Falls:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Falls, Iowa, for the year ended June 30, 2014. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Cedar Falls' MD&A can be found immediately following the report of the independent auditors.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." Information to comply with OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and "Government Auditing Standards" is included in another report under a separate cover.

The City of Cedar Falls provides many municipal services including fire and police protection, streets, garbage collection, parks, recreation, cultural arts, planning, zoning, general administration, and sewer and storm water services. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the City is financially accountable. Financial accountability is determined by several different factors, including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After careful evaluation of these factors, the City has included in this financial report the Cedar Falls Electric Utility, Gas Utility, Water Utility, and Communications Utility, as well as all funds of the City. The Utilities are each reported as discretely presented component units.

GOVERNMENTAL STRUCTURE

The City has operated under the mayor-council form of government since incorporation. Policy-making and legislative authority are vested in the governing council, which consists of seven members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, setting goals, and approving mayor-appointed committees. The full-time mayor is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing department directors. The mayor and Council are elected on a nonpartisan basis. The Council consists of two council members elected at large and one council member elected from each of the five wards as established by ordinance, elected for terms of four years. The mayor is elected at large and to a two-year term.

ECONOMIC CONDITION AND OUTLOOK

The City, incorporated in 1854, is located in the northeastern part of the state, has a land area of 28.9 square miles and a population of 39,260. The City is empowered to levy a property tax on both real and personal property located within its boundaries, and has the power by state statute to extend its corporate limits by annexation, which is seldom done, but will be done when deemed appropriate by the City Council.

The economic condition and outlook of Cedar Falls continues to be strong. The Cedar Falls economy was insulated from many of the impacts created by the recent recession due to the growth and stability of the University of Northern Iowa and a diverse service business sector.

The Greater Cedar Valley Alliance was formed in the metro area to organize the human resources and generate needed development capital to attract new business and industry to the area and to encourage expansion of businesses already in the area. As a result, many new businesses have located offices and plants in the metro area. Target Corporation constructed a distribution center with an assessed value of approximately \$45 million in FY02 and in FY08 completed a second refrigeration center. The Cedar Falls Industrial and Technology Park continues to show tremendous expansion.

The increase in new businesses and expansion of established firms has had a positive effect on employment and the City's tax base. Historically, Cedar Falls' unemployment rate has closely followed the State trends, which are significantly lower than the nation's unemployment rate (See Attachment A). This is due to the strong service employment base supported by the state university located in Cedar Falls. Since the devaluation of property in 1986-1988, Cedar Falls has had steady growth in property values. Assessed values increased in FY15 by \$79 million.

The City of Cedar Falls maintains a comparatively low tax rate. Cedar Falls has the eighth lowest tax rate per capita of the twenty largest cities in the state of Iowa (See Attachment C). This low rate can be attributed to the efforts of the City to streamline operations over the past twenty years. This has been accomplished by maintaining the approximate same number of employees, even when demand for service has increased. Cedar Falls had one of the lowest number of full-time employees per 1,000 residents in FY13. (See Attachment D).

Over the past ten years Cedar Falls' residential housing sales prices have significantly increased. In 2003, the average sales price reported was \$163,637. In 2013, the average sales price was \$219,746, which is a thirty-four (34) percent increase in the past ten years (See Attachment E). These statistics indicate that Cedar Falls' local economy is sound and there is a strong market for Cedar Falls homes.

Housing values have surged from the recession and devaluation of the mid-1980's to values that once again place the homeowners living in Cedar Falls in an advantageous market position. This market growth is a credit to businesses, the school system, utilities, and quality of City services in Cedar Falls. Each entity has worked together to strengthen the local economy, create jobs, and improve Cedar Falls' quality of life.

MAJOR INITIATIVE

Reorganization: During FY14, the City undertook a major reorganization of city departments. The reorganization reduced the number of departments from six to four and became effective as of July 1, 2014. (The new organizational chart is not included in this document since it was not in place for FY14.) This included the combination and moving of multiple divisions under each department. The savings are estimated to be approximately \$504,000 annually in salaries and approximately \$713,000 annually if you include benefits.

The City's last comprehensive management reorganization occurred in 1988 when the City Council elected to convert fifteen departments down to five. In 2000, the public safety department was dissolved and police and fire separated into two departments, bringing the total number of departments up to six. Downsizing of city operations best starts with management with a top-down restructuring that recognizes that the retention of employees who provide direct services to the general public are the most critical to providing public services and maintaining service quality. The 2014 reorganization used this strategy.

This reorganization was a result of trying to reduce operating costs in response to projected financial constraints caused by changes in State legislation. One piece of the new legislation caused the rollback to drop on commercial properties from 100% to 95% for FY15 and down to 90% for FY16. The other piece of legislation that will have a greater impact on Cedar Falls is a creation of a new class of property titled multi-residential. These properties will have a decrease in valuation over an eight year period and will eventually only be taxed at a rollback rate equivalent to residential properties which is currently at 52.82% for FY14. Preliminary projections from these new pieces of legislation could bring over a \$2 million loss in property taxes for the City of Cedar Falls by the end of the phase in period.

The City will need to continue to analyze the effects of the new legislation and continue to look for ways to streamline costs. The City will need to look at ways to improve operational efficiencies. These ideas may be in the form of utilizing dual-role employees, utilizing improved technology, and analysis of equipment lives and usage.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorizations.
- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.

- Access to assets is permitted only in accordance to management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control comprehends reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits. The benefit consists of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State of Iowa, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the function level (Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-Type activities). The City has adhered to these budgetary laws.

INDEPENDENT AUDIT

Eide Bailly, LLP, a firm of independent public accountants has audited the financial records, books of account and transactions of the City for the fiscal year ended June 30, 2014, and their opinion is included in the Financial Section of this report. The financial statements are the responsibility of the City. The responsibility of the independent public accountants is to express an opinion on the City's financial statements based on their audit. An audit is conducted in accordance with U.S. generally accepted auditing standards. Those standards require that the audit be planned and performed in a manner to obtain a reasonable assurance as to whether the financial statements are free of material misstatement.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Falls for its comprehensive annual financial report (CAFR) for the year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

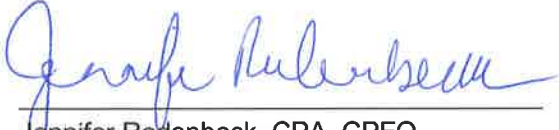
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Cedar Falls has received a Certificate of Achievement for the last twenty-four consecutive years (fiscal years ended 1990-2013). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance/Public Records Division, particularly Lisa Roeding, Deputy Finance Manager and Cathy Niebergall, Financial Technician. Each member of the division has my sincere appreciation for the contributions made in the preparation of this report. I would also like to thank the members of the City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

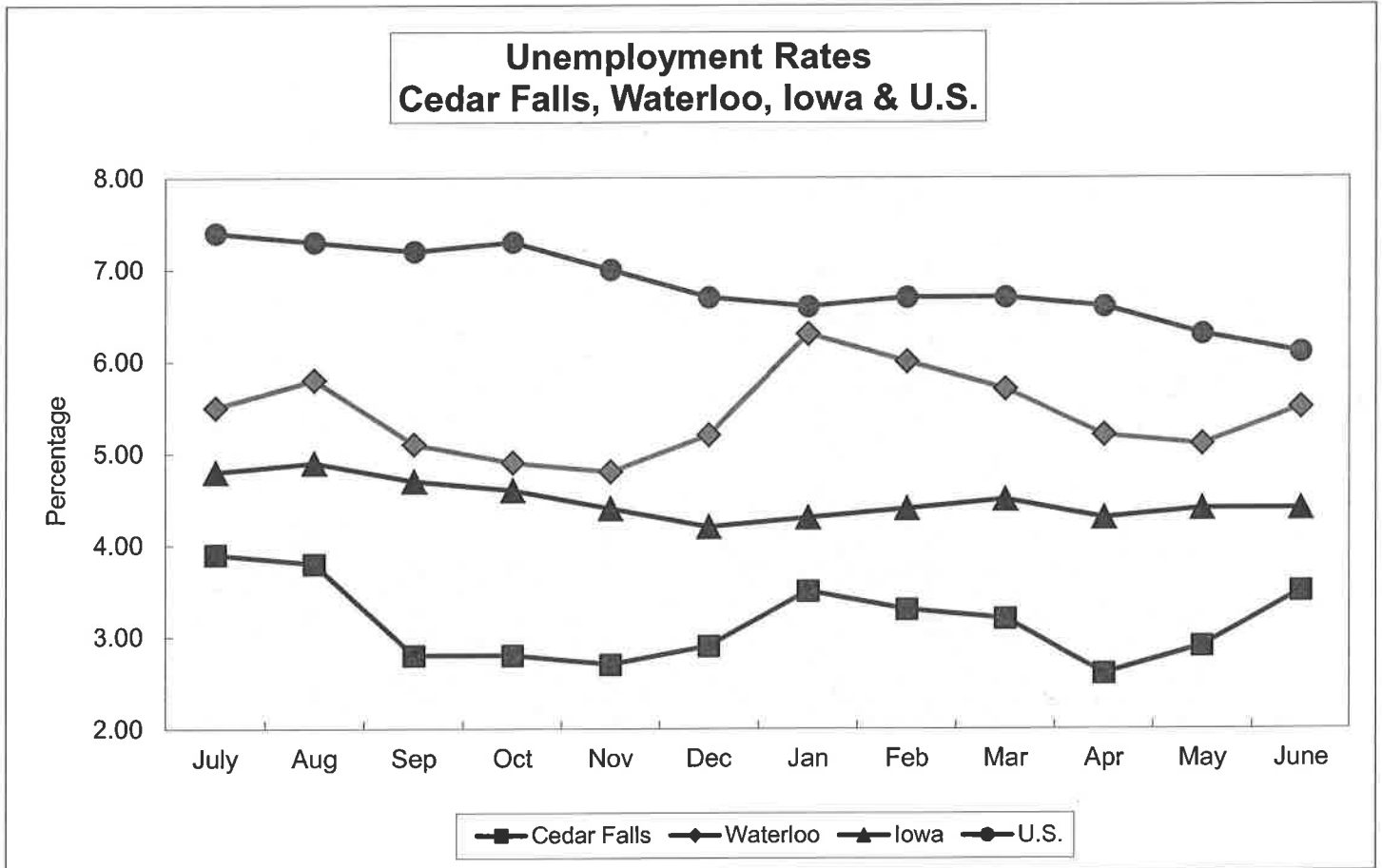
Sincerely,



Jennifer Rodenbeck, CPA, CPFO
Finance Manager/City Clerk

ATTACHMENT A

Unempl



**Unemployment Rates
Cedar Falls, Waterloo, Iowa & U.S.**

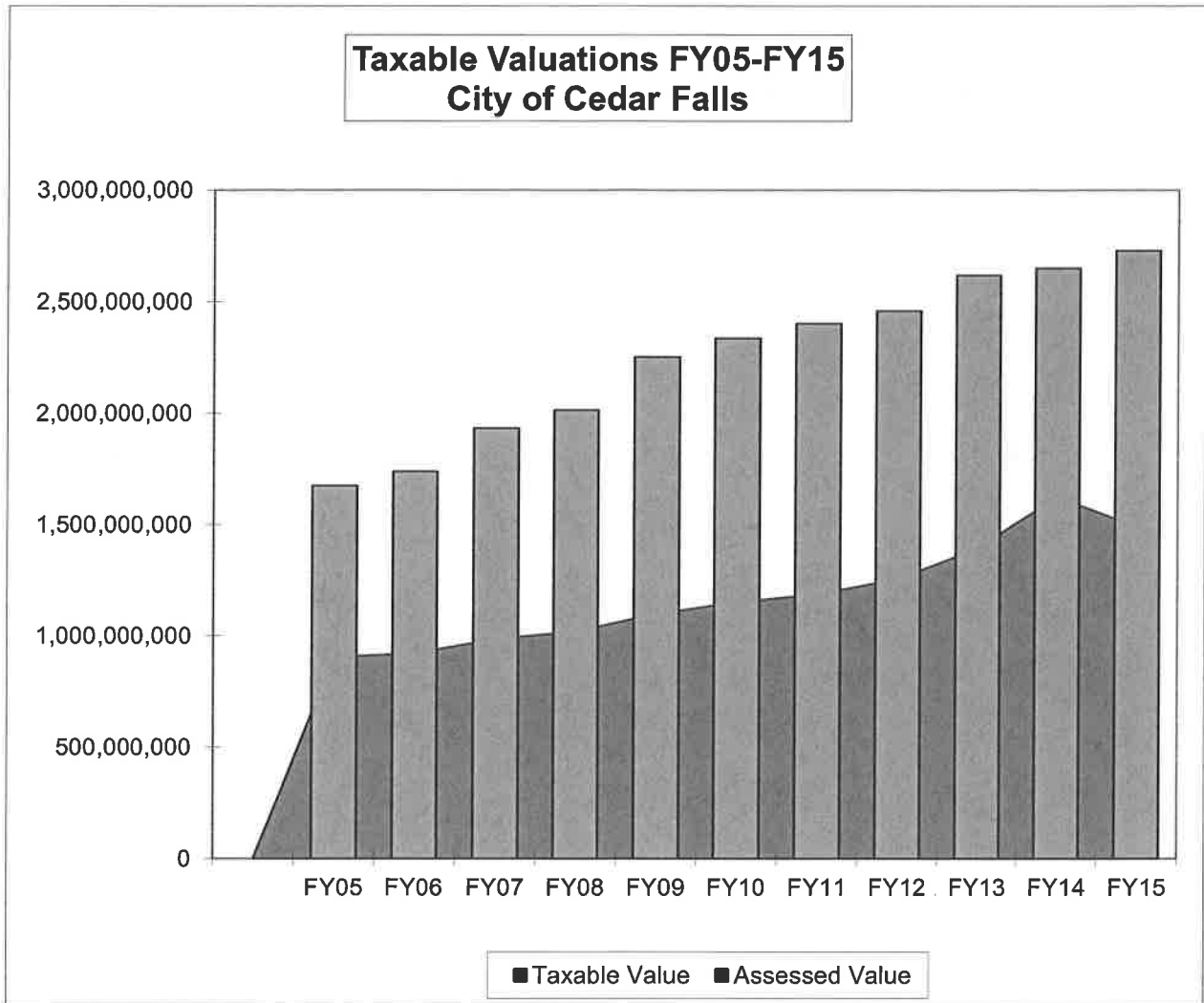
Month 13-14	Cedar Falls (In %)	Waterloo (In %)	Iowa (In %)	U.S. (In %)
July	3.9	5.5	4.8	7.4
Aug	3.8	5.8	4.9	7.3
Sep	2.8	5.1	4.7	7.2
Oct	2.8	4.9	4.6	7.3
Nov	2.7	4.8	4.4	7.0
Dec	2.9	5.2	4.2	6.7
Jan	3.5	6.3	4.3	6.6
Feb	3.3	6.0	4.4	6.7
Mar	3.2	5.7	4.5	6.7
Apr	2.6	5.2	4.3	6.6
May	2.9	5.1	4.4	6.3
June	3.5	5.5	4.4	6.1
Average	3.2	5.4	4.5	6.8

Cedar Falls has consistently remained below Waterloo and the nation's unemployment rates.

Historically Cedar Falls' unemployment rate has closely followed the State trends. Cedar Falls is insulated from many of the economic problems in the Metro area due to a strong service employment base supported by UNI.

ATTACHMENT B

taxvalue15



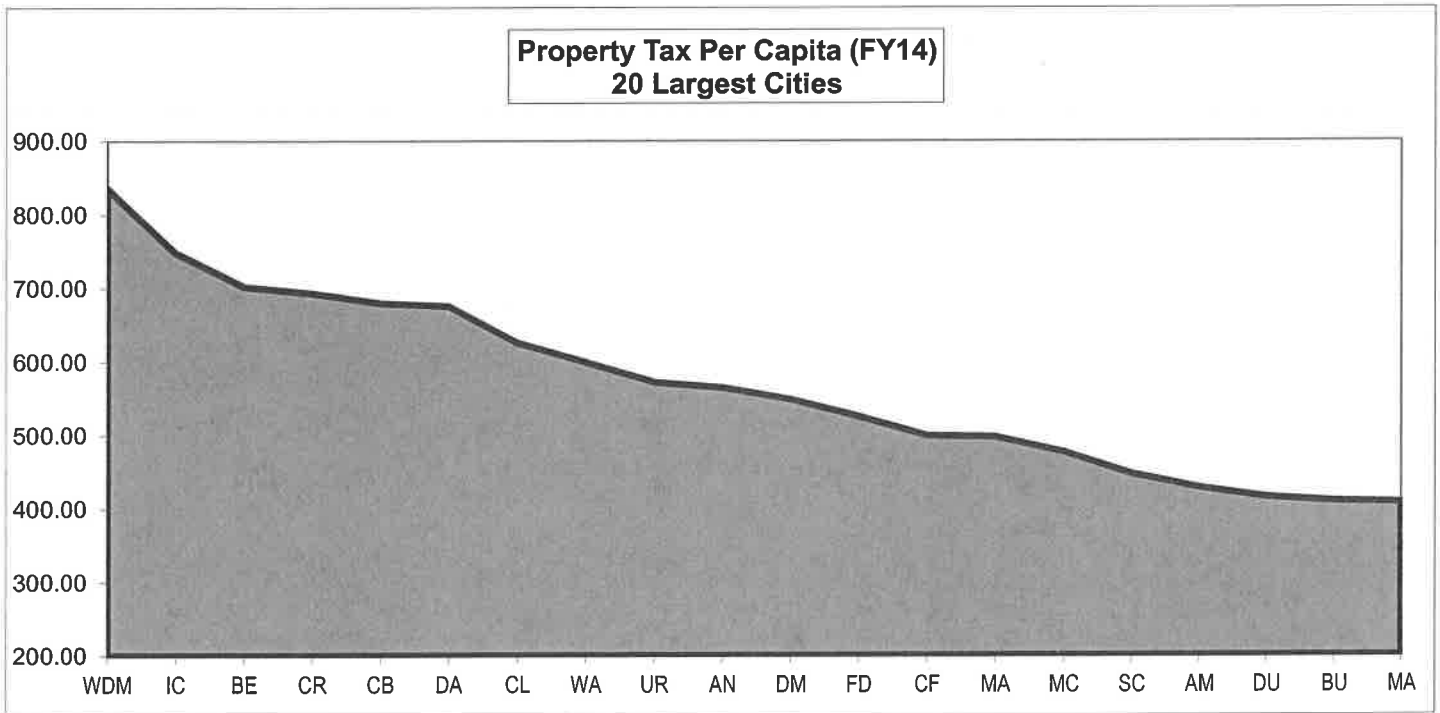
Year	Taxable Value	Assessed Value
FY05	903,439,479	1,673,902,007
FY06	920,739,030	1,737,456,552
FY07	985,250,869	1,931,758,484
FY08	1,018,530,684	2,013,812,356
FY09	1,098,295,277	2,252,421,925
FY10	1,150,078,051	2,336,646,915
FY11	1,185,969,161	2,402,107,961
FY12	1,254,821,347	2,458,320,459
FY13	1,393,511,204	2,618,319,843
FY14	1,622,862,335	2,650,433,900
FY15	1,490,616,188	2,729,240,639

The last ten years have provided a steady growth trend in assessed valuations. In addition, FY08 was the first year that assessed values exceeded \$2 billion and taxable values exceeded \$1 billion.

For FY15, assessed values increased by \$78,806,739. However, taxable values decreased by \$132,162,153 due to the change in the commercial rollback factor to 95% for FY15 and the TIF increment reverting back to the TIF district.

ATTACHMENT C

Citytaxr



**Property Tax Per Capita (FY14)
20 Largest Iowa Cities**

City	FY14 Tax Per Person	2010 Population	Abbre- viation
West Des Moines	835.20	56,609	WDM
Iowa City	747.94	67,862	IC
Bettendorf	702.01	33,217	BE
Cedar Rapids	692.98	126,326	CR
Council Bluffs	679.53	62,230	CB
Davenport	675.51	99,685	DA
Clinton	625.60	26,885	CL
Waterloo	599.23	68,406	WA
Urbandale	572.06	39,463	UR
Ankeny	564.47	45,582	AN
Des Moines	548.56	203,433	DM
Fort Dodge	525.09	25,206	FD
Cedar Falls	499.09	39,260	CF
Marion	497.41	34,768	MA
Mason City	476.77	28,079	MC
Sioux City	446.96	82,684	SC
Ames	428.30	58,965	AM
Dubuque	415.32	57,637	DU
Burlington	409.75	25,663	BU
Marshalltown	407.78	27,552	MA
Average	567.48		

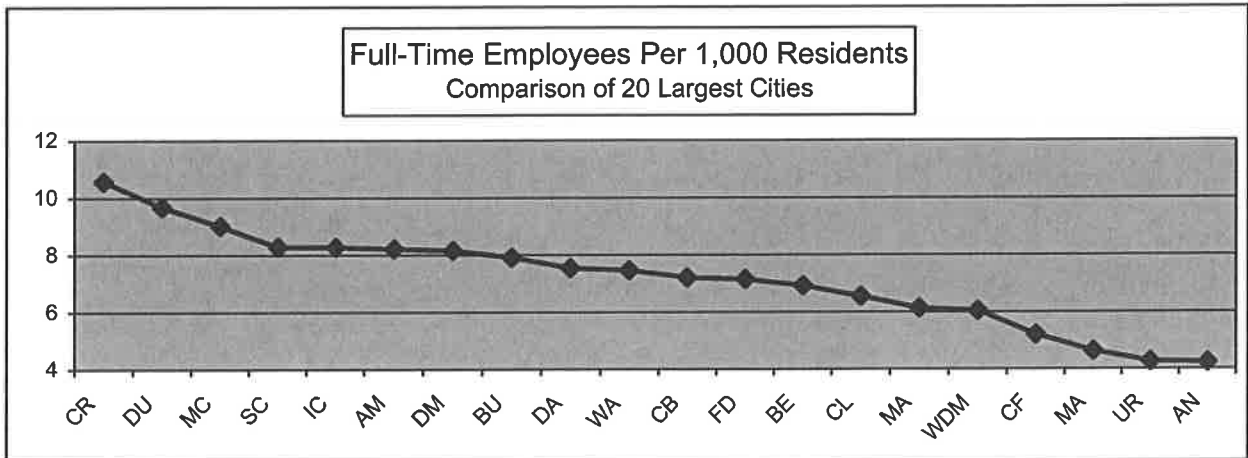
For over two decades Cedar Falls' local government has operated at one of the lowest per capita property tax rates among the 20 largest cities in Iowa.

At a cost of \$499.09 per person, the City is substantially below the average rate of \$567.48. This rate can be attributed to the City's concerted efforts to streamline operations over the past 20 years.

If the City of Cedar Falls operated at the state average property tax per capita, an additional 2.7 million dollars would be devoted to operations. This would be an increase of 14% of taxes levied in FY14.

Included in Cedar Falls' population are university students who live in campus housing and do not pay property taxes. This results in an even greater property tax burden on the citizens.

ATTACHMENT D



City	FY13 Employees	2010 Population	Employees Per 1,000
Cedar Rapids	1335.0	126,326	10.57
Dubuque	558.0	57,637	9.68
Mason City	253.0	28,079	9.01
Sioux City	685.0	82,684	8.28
Iowa City	561.0	67,862	8.27
Ames	484.0	58,965	8.21
Des Moines	1660.0	203,433	8.16
Burlington	203.0	25,663	7.91
Davenport	752.0	99,685	7.54
Waterloo	510.0	68,406	7.46
Council Bluffs	448.0	62,230	7.20
Fort Dodge	180.0	25,206	7.14
Bettendorf	230.0	33,217	6.92
Clinton	176.0	26,885	6.55
Marshalltown	169.0	27,552	6.13
W. Des Moines	342.0	56,609	6.04
Cedar Falls	204.0	39,260	5.20
Marion	161.0	34,768	4.63
Urbandale	168.0	39,463	4.26
Ankeny	193.0	45,582	4.23
Average:			7.17

Cedar Falls city government continued to have one of the lowest number of employees per 1,000 capita comparing the top 20 largest cities.

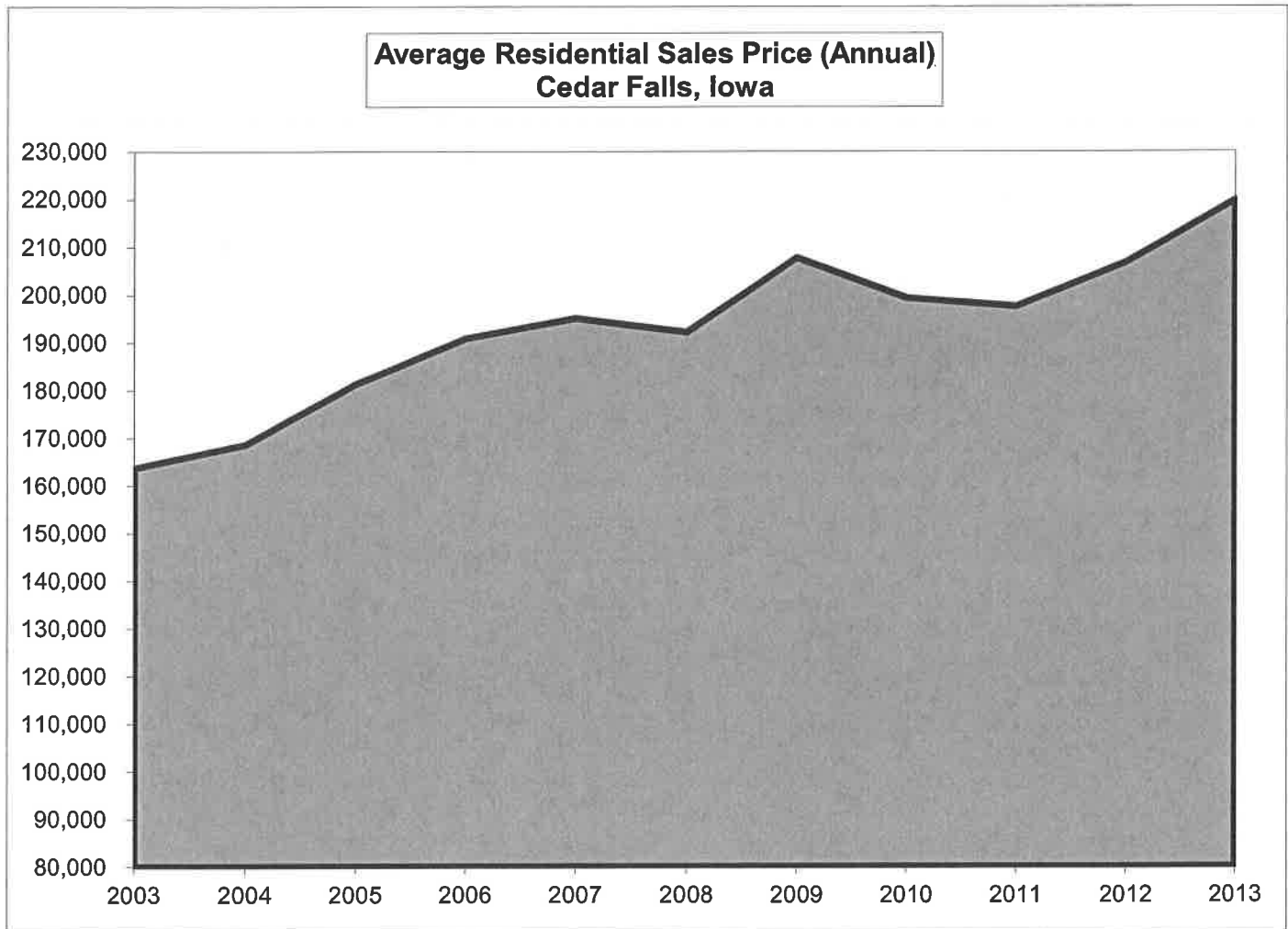
Cedar Falls has 1.97 employees per 1,000 capita less than the state average, which is equivalent to 77 fewer full-time employees.

Employment reductions have been implemented over the last 10 years, which has streamlined Cedar Falls' employment.

Among the top twenty largest cities in the State of Iowa, the City of Cedar Falls continues to have one of the lowest number of employees per capita. The pressures of new construction growth, road development, and societal values have placed greater demands on existing staff. In the near future, the City Council will need to prioritize services or focus on key services to address the over extension of City staff.

ATTACHMENT E

Resale15



Year	Average Sales Price
2003	163,637
2004	168,589
2005	181,310
2006	190,828
2007	195,080
2008	192,154
2009	207,754
2010	199,318
2011	197,576
2012	206,773
2013	219,746
Average	192,979

The average sale price of residential properties in Cedar Falls has grown by 34% between 2003- 2013 from \$163,637 to \$219,746.



Government Finance Officers Association

**Certificate of
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Presented to

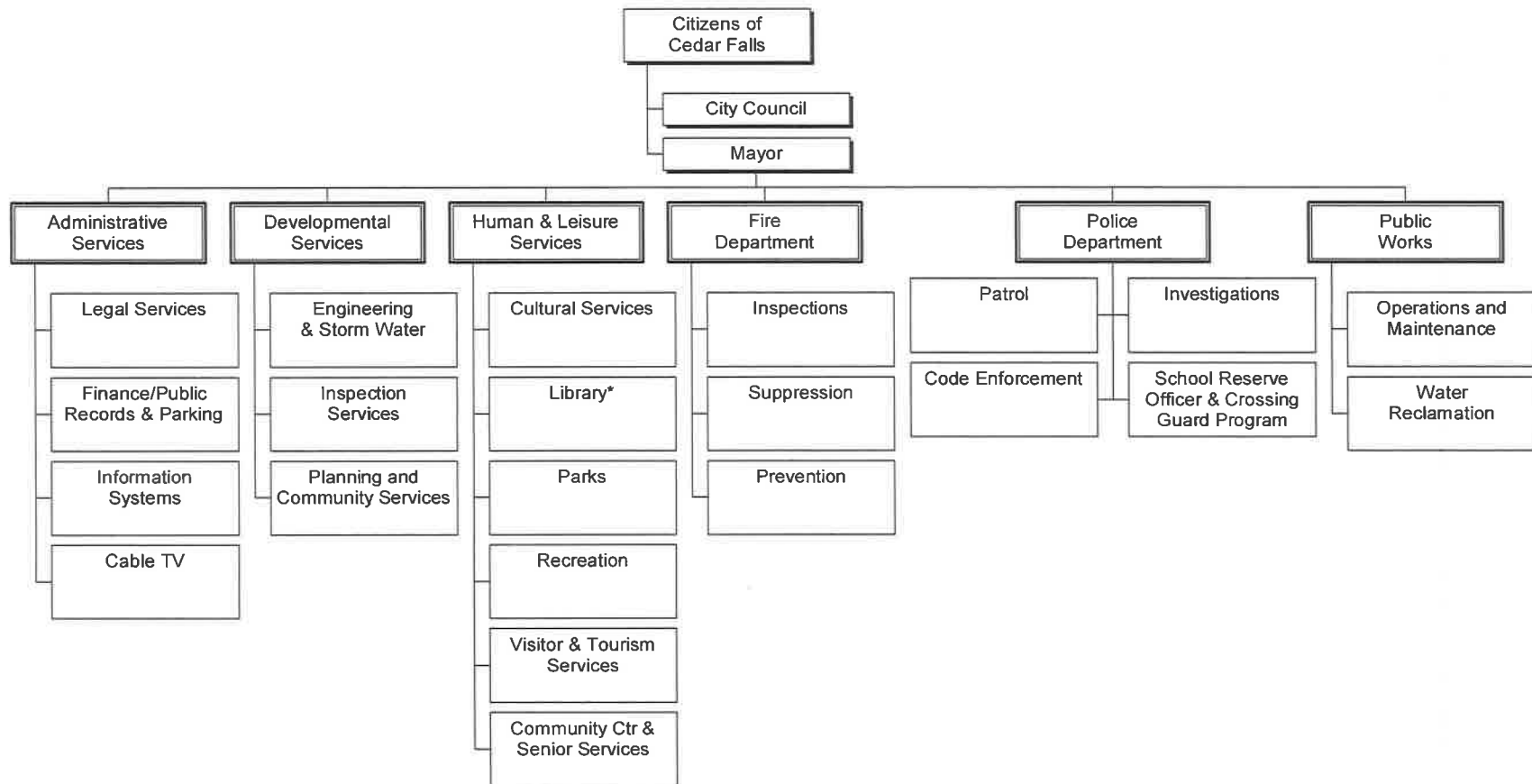
**City of Cedar Falls
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Cedar Falls, Iowa Organizational Chart

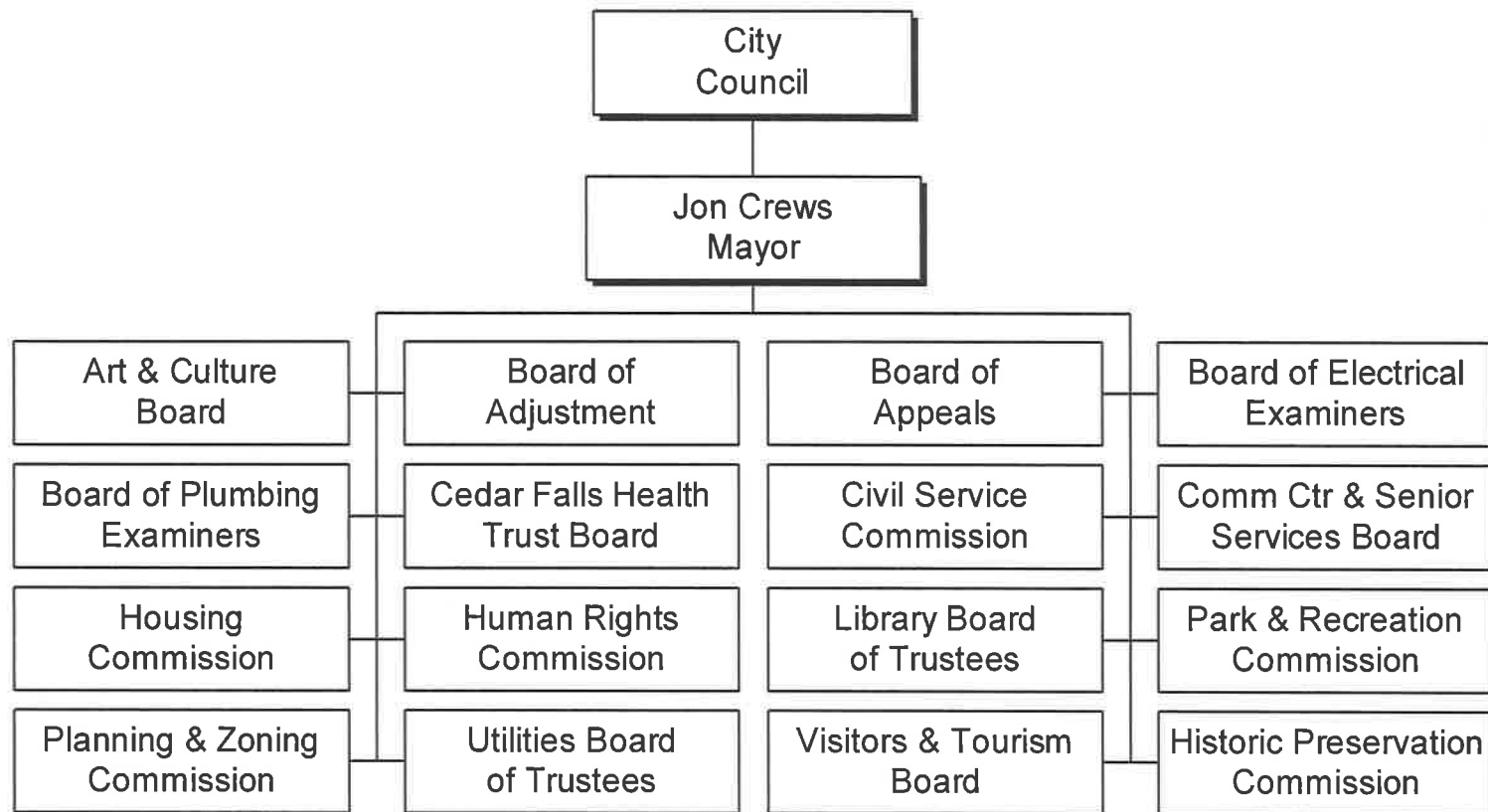


city division org.doc

January 23, 2014
Financial Services

*The Library is governed by the Library Board of Trustees, which are appointed by the Mayor & City Council. The Library is shown under the Human & Leisure Services Department since that department is the Board's liaison.

City of Cedar Falls, Iowa Boards and Commissions



CITY OF CEDAR FALLS, IOWA

PRINCIPAL OFFICIALS

June 30, 2014

Title	Name
Mayor	Jon Crews
Council Member – 1 st Ward	Mark Miller
Council Member – 2 nd Ward	Susan DeBuhr
Council Member – 3 rd Ward	John Runchey
Council Member – 4 th Ward	Jim Stichter
Council Member – 5 th Ward	Frank Darrah
Council Member – At Large	Nick Taiber
Council Member – At Large	Dave Wieland
Administrative Services Director	Richard L. McAlister
Developmental Services Director	Ron Gaines
Human & Leisure Services Director	Mark Ripplinger
Fire Chief	John Schilling
Police Chief	Jeff Olson
City Attorney	Steve Moore
Finance Manager/City Clerk	Jennifer Rodenbeck
Information Systems Manager	Laurene Saathoff
Cable TV Manager	Denny Bowman
City Engineer	Randall Lorenzen
City Planner	Marty Ryan
Community Services Manager	Robert Seymour
Inspection Services Manager	Craig Witry
Recreation Division Manager	Bruce Verink
Visitors & Tourism Manager	Kimberly Manning
Cedar Falls Public Library Director	Sheryl McGovern
Operations and Maintenance Manager	Brian Heath
Water Reclamation Manager	Lyle Krueger
Cedar Falls Utilities General Manager	Jim Krieg



Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Cedar Falls, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cedar Falls Utilities, which represent the entire assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cedar Falls Utilities, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, as of June 30, 2014, and the respective changes in financial position and, where, applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended June 30, 2014, the City adopted GASB 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this statement resulted in the reclassification of items previously reported in liabilities as deferred revenues. These items are now reported in deferred inflows of resources as unavailable revenues. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cedar Falls, Iowa's financial statements. The introductory section, combining nonmajor fund financial statements, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements and capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report, under separate cover, dated October 8, 2014, on our consideration of the City of Cedar Falls, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cedar Falls, Iowa's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Sallie LLP".

Dubuque, Iowa
October 8, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Cedar Falls' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter found on pages 1 – 10 of this report.

2014 FINANCIAL HIGHLIGHTS

- Revenues of the City's governmental activities decreased 11.11%, or \$5,823,832, from fiscal year 2013 to fiscal year 2014. Property taxes decreased \$3,447,411 for all activities.
- Program expenses of the City's Governmental activities decreased 8.89%, or \$3,774,978 in fiscal year 2014 from fiscal year 2013. Community and Economic Development expenses decreased by \$3,222,900.
- The City's net position increased 3.17%, or \$9,776,420, from June 30, 2013 to June 30, 2014. Of this amount, the net position of the governmental activities increased by \$10,584,621 and the net position of the business-type activities decreased by \$808,201.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City as a whole and present an overall view of the City's finances.
- The Fund Financial Statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor Special Revenue and Capital Projects Funds and the Internal Service Funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City of Cedar Falls in a better financial position at the end of the fiscal year, compared to last year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. A person will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, streets, fire, police, parks, recreation, library, and housing and block grant assistance. Property taxes, local option sales taxes, road use taxes, and federal and state grants finance most of these activities.
- Business-type activities – The City of Cedar Falls charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer, refuse, and storm water are reported in this section.

The Government-wide financial statements can be found on pages 31 - 34 of this report.

Fund Financial Statements

The Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City has two kinds of funds:

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Hospital Fund, TIF Fund, Street Repair Fund, Street Construction Fund, Debt Service Fund, Capital Improvements Fund, and Bond Fund, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Governmental Fund Financial Statements can be found on pages 35 - 39 of this report.

- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, refuse and storm water activities.

Internal Service Funds are used to accumulate and allocate costs internally. The City uses internal service funds for its information systems, vehicle maintenance, and various risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund, Refuse Fund, and Storm Water Fund, all of which are considered major funds. Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements located in the supplementary information section of this report.

The basic Proprietary Fund Financial Statements can be found on pages 40 - 45 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the change in the net position for governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and						
other assets	\$ 114,207,169	\$ 107,527,954	\$ (3,036,860)	\$ (4,381,386)	\$ 111,170,309	\$ 103,146,568
Capital assets	168,229,218	163,936,827	86,522,469	83,715,207	254,751,687	247,652,034
Total assets	282,436,387	271,464,781	83,485,609	79,333,821	365,921,996	350,798,602
Long-term debt	\$ 5,819,312	\$ 8,622,236	\$ 9,055,436	\$ 3,152,973	\$ 14,874,748	\$ 11,775,209
Other liabilities	6,426,347	28,488,990	1,172,467	2,114,941	7,598,814	30,603,931
Total liabilities	\$ 12,245,659	\$ 37,111,226	\$ 10,227,903	\$ 5,267,914	\$ 22,473,562	\$ 42,379,140
Deferred Inflows of						
Resources	\$ 25,252,552	\$ --	\$ --	\$ --	\$ 25,252,552	\$ --
Net assets:						
Net investment						
in capital assets	\$ 162,409,906	\$ 155,314,591	\$ 77,467,033	\$ 79,677,940	\$ 239,876,939	\$ 234,992,531
Restricted	25,300,988	24,150,307	9,500	9,500	25,310,488	24,159,807
Unrestricted	57,227,282	54,888,657	(4,218,827)	(5,621,533)	53,008,455	49,267,124
Total net position	\$ 244,938,176	\$ 234,353,555	\$ 73,257,706	\$ 74,065,907	\$ 318,195,882	\$ 308,419,462

Net position of governmental activities increased from FY13 by approximately \$10.6 million, or 4.52%. This increase was due primarily to the continued strength of the property tax base and the small amount of general obligation debt outstanding by the City. Net position of business-type activities decreased from FY13 by approximately \$800,000 or (1.09)%. This decrease was due to the increase in debt in conjunction with new assets constructed or being constructed. These assets include the disinfection project and the Bluff Street liftstation. In addition, this was the eighth year that storm water fees were collected. The largest portion of the City's net position is the net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, bond covenants, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations are approximately \$53 million at the end of the year.

For the year ended June 30, 2014, net position changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 5,132,724	\$ 4,911,766	\$ 8,807,215	\$ 8,461,470	\$ 13,939,939	\$ 13,373,236
Operating grants and contributions	1,818,312	2,098,639	-	-	1,818,312	2,098,639
Capital grants and contributions	3,576,733	6,479,932	689,285	577,411	4,266,018	7,057,343
General Revenues						
Property taxes	21,248,529	24,695,940	-	-	21,248,529	24,695,940
Local Option Sales Tax	5,040,056	4,793,027	-	-	5,040,056	4,793,027
Hotel/Motel Tax & Other	996,835	751,577	-	-	996,835	751,577
Use of money and property	1,120,041	1,268,202	44,547	38,886	1,164,588	1,307,088
Intergovernmental	4,545,694	4,405,345	94,186	-	4,639,880	4,405,345
Miscellaneous	1,389,109	1,375,437	-	-	1,389,109	1,375,437
Gain on Sale of assets	-	-	-	-	-	-
Utility contribution	1,725,000	1,637,000	-	-	1,725,000	1,637,000
Total revenues	\$ 46,593,033	\$ 52,416,865	\$ 9,635,233	\$ 9,077,767	\$ 56,228,266	\$ 61,494,632
Expenses						
Public safety	\$ 9,293,710	\$ 9,491,677	\$ -	\$ -	\$ 9,293,710	\$ 9,491,677
Public works	12,086,420	11,909,568	-	-	12,086,420	11,909,568
Health and social services	166,764	320,864	-	-	166,764	320,864
Culture and recreation	7,135,841	7,262,110	-	-	7,135,841	7,262,110
Community and economic development	5,134,158	8,357,058	-	-	5,134,158	8,357,058
General government	4,684,649	4,890,409	-	-	4,684,649	4,890,409
Debt service	183,339	228,173	-	-	183,339	228,173
Sewer	-	-	3,971,854	3,617,688	3,971,854	3,617,688
Refuse	-	-	2,960,082	2,770,264	2,960,082	2,770,264
Storm Water	-	-	835,029	728,713	835,029	728,713
Total expenses	\$ 38,684,881	\$ 42,459,859	\$ 7,766,965	\$ 7,116,665	\$ 46,451,846	\$ 49,576,524
Increase in net position before transfers	\$ 7,908,152	\$ 9,957,006	\$ 1,868,268	\$ 1,961,102	\$ 9,776,420	\$ 11,918,108
Transfers	2,676,469	(1,843,432)	(2,676,469)	1,843,432	-	-
Increase in net position	\$ 10,584,621	\$ 8,113,574	\$ (808,201)	\$ 3,804,534	\$ 9,776,420	\$ 11,918,108
Net position, beginning	234,353,555	226,239,981	74,065,907	70,261,373	308,419,462	296,501,354
Net position, ending	\$ 244,938,176	\$ 234,353,555	\$ 73,257,706	\$ 74,065,907	\$ 318,195,882	\$ 308,419,462

Property taxes decreased by approximately \$3.4 million from FY13 due to the release of TIF increment. FEMA grants for property buyouts related to the 2008 Flood received in FY13, caused capital grants and contributions to decrease for FY14.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$67,397,278. \$452,937 is nonspendable for inventory. \$26,920,959 is restricted for TIF, debt service, road use tax funds, local option sales tax, employee retirement systems, bond proceeds and various grants. \$17,029,200 is committed for the City's health trust fund and parking fund. \$21,241,630 is assigned for recreational capital funds, police forfeiture funds, economic development and capital improvements. This leaves \$1,752,552 for unassigned fund balances in the governmental funds.

The Governmental fund balances increased by \$2,700,426, or 4.17%. This increase was due in part to the increase in the Capital Improvements Fund.

The General Fund is the chief operating fund of the City of Cedar Falls. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,333,349, while the total fund balance totaled \$9,733,789. As a measure of the General Funds liquidity, it may be useful to compare both unreserved fund balances and total fund balances to total fund expenditures. Unassigned fund balance represents 35.91% of the total General Fund expenditures, while the total fund balance represents 47.66% of that same amount.

The following fund balances in the other major funds, which comprise the Total Governmental Funds are listed below:

	FY14 Amount	FY13 Amount	Increase (Decrease)
Hospital Fund	\$ 16,197,037	\$ 15,718,851	\$ 478,186
TIF Fund	5,679	15,435	(9,756)
Street Repair Fund	13,716,109	12,609,671	1,106,438
Street Construction Fund	6,110,195	6,012,776	97,419
Debt Service Fund	416,912	318,846	98,066
Capital Improvements Fund	11,435,943	8,005,429	3,430,514
Bond Fund	(5,563,995)	(644,688)	(4,919,307)
Other Governmental Funds	15,345,609	13,623,029	1,722,580

The Capital Improvements Fund had the largest increase in fund balance due to the release of the TIF increment which was transferred to this fund for future economic development projects.

The Street Repair Fund had an increase in fund balance due to many projects being able to be completed during FY14.

The Hospital Fund had an increase in fund balance due to the fewer projects being funded by the Health Trust Board.

The Street Construction Fund had an increase in fund balance due to the increase in road use taxes received. Road use tax funds have increased due to the population increase in Cedar Falls which causes the formula to be revised.

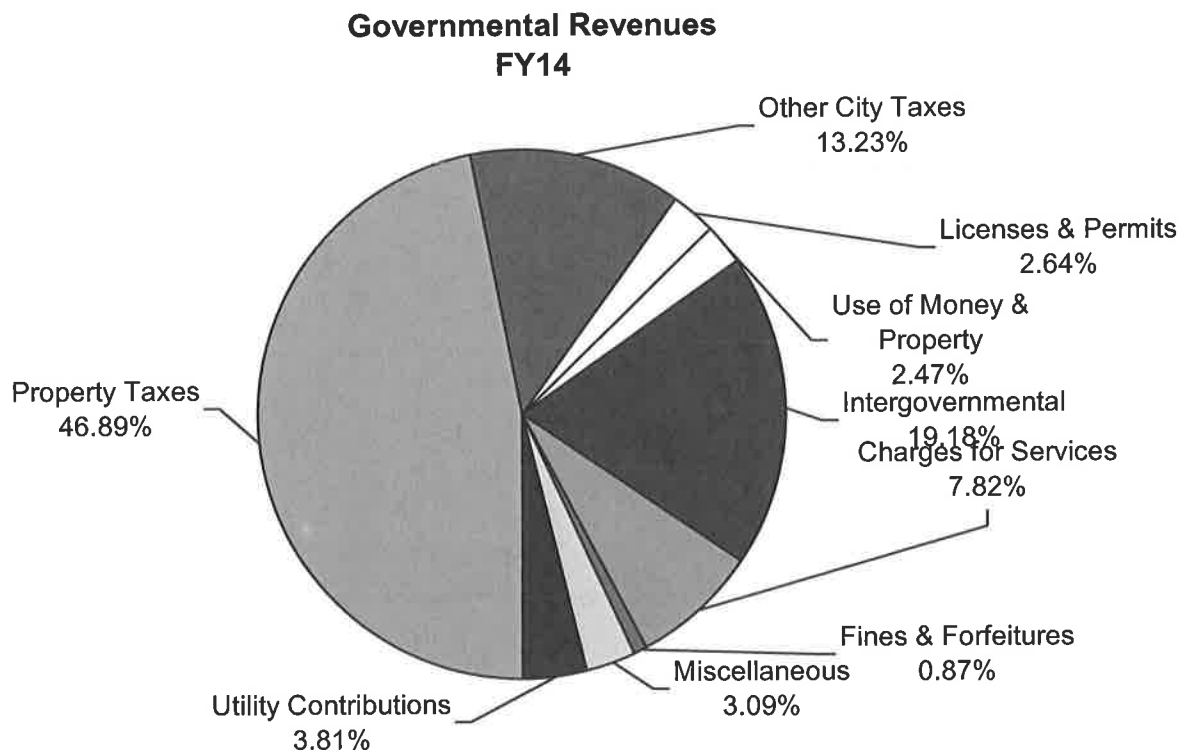
The Bond Fund had a decrease in fund balance due to bond proceeds received in prior years being spent out on various projects.

The Other Governmental Funds had an increase in fund balance due to the increase in the FEMA Fund. This increase was the result of the reimbursements being received for projects related to the 2008 flood.

The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2014 and June 30, 2013.

Revenues	FY14 Amount	Percent of Total	FY13 Amount	Increase (Decrease) from FY13	Percent of Increase (Decrease)
Property taxes and assessments	\$ 21,244,190	46.89 %	\$ 24,696,783	\$ (3,452,593)	(51.66) %
Other city taxes	5,995,505	13.23	5,519,022	476,483	7.13
Licenses and permits	1,197,723	2.64	1,076,186	121,537	1.82
Use of money and property	1,120,040	2.47	1,268,202	(148,162)	(2.22)
Intergovernmental	8,688,760	19.18	12,599,954	(3,911,194)	(58.51)
Charges for services	3,542,072	7.82	3,386,415	155,657	2.33
Fines and forfeitures	392,928	0.87	449,165	(56,237)	(0.84)
Miscellaneous	1,400,551	3.09	1,358,192	42,359	0.63
Utility contribution in lieu of taxes	1,725,000	3.81	1,637,000	88,000	1.32
	<u>\$ 45,306,769</u>	<u>100.00 %</u>	<u>\$ 51,990,919</u>	<u>\$ (6,684,150)</u>	<u>100.00 %</u>

The most significant decrease in revenues was in intergovernmental. The decrease was due to the receipt of FEMA disaster assistance payments received in FY13 and prior years. The other significant decrease was in property taxes. The decrease was due to the release of the TIF increment in FY14.

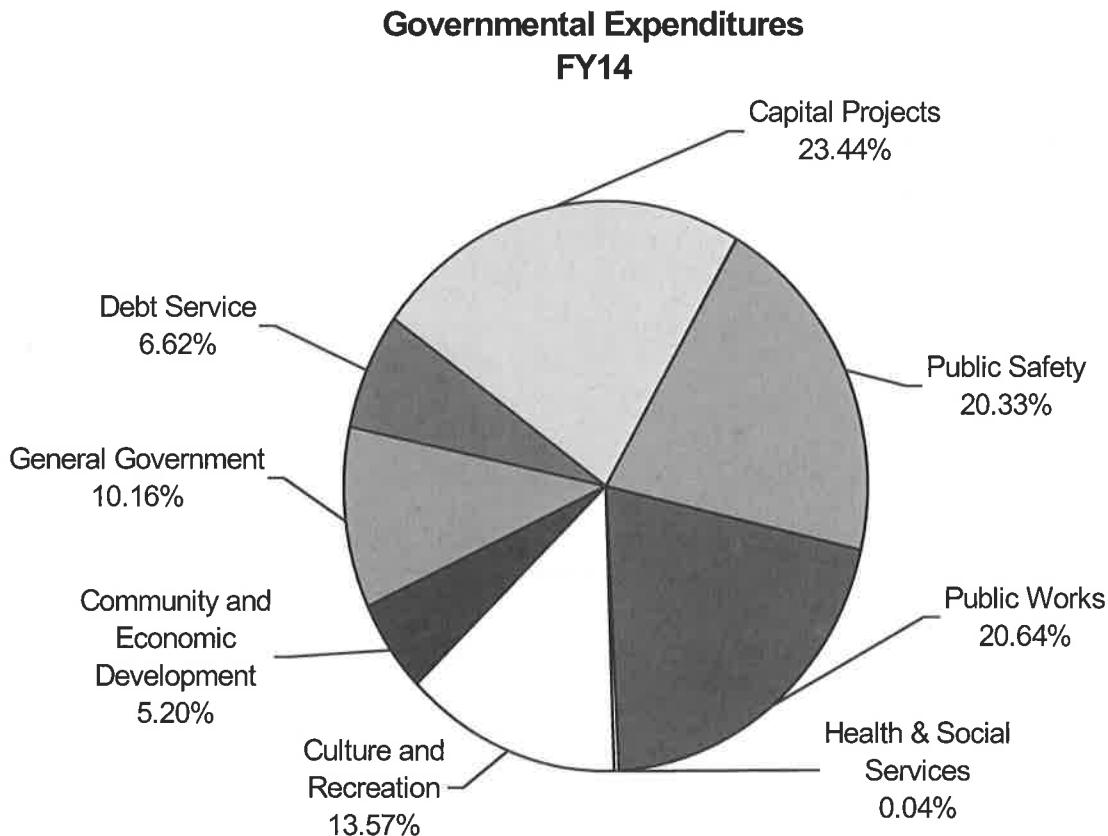


The following schedule presents a summary of governmental expenditures for the fiscal years ended June 30, 2014 and June 30, 2013.

Expenditures	FY14 Amount	Percent of Total	FY13 Amount	Increase (Decrease) from FY13	Percent of Increase (Decrease)
Public Safety	\$ 9,188,529	20.33 %	\$ 8,999,942	\$ 188,587	53.65 %
Public Works	9,325,749	20.64	10,089,252	(763,503)	(217.20)
Health & Social Services	18,184	0.04	172,284	(154,100)	(43.84)
Culture & Recreation	6,130,462	13.57	6,449,626	(319,164)	(90.79)
Community and Economic Development	2,351,253	5.20	2,646,490	(295,237)	(83.99)
General Government	4,592,138	10.16	4,684,063	(91,925)	(26.15)
Debt Service	2,991,208	6.62	2,956,009	35,199	10.01
Capital Projects	10,593,247	23.44	9,544,629	1,048,618	298.31
	<u>\$ 45,190,770</u>	<u>100.00 %</u>	<u>\$ 45,542,295</u>	<u>\$ (351,525)</u>	<u>100.00 %</u>

The most significant increase in expenditures occurred in the capital projects function. This was due to several projects occurring during FY14.

The most significant decrease in expenditures occurred in Public Works. This was due to the timing of various street projects financed by local option sales tax.



Proprietary Funds

City of Cedar Falls proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

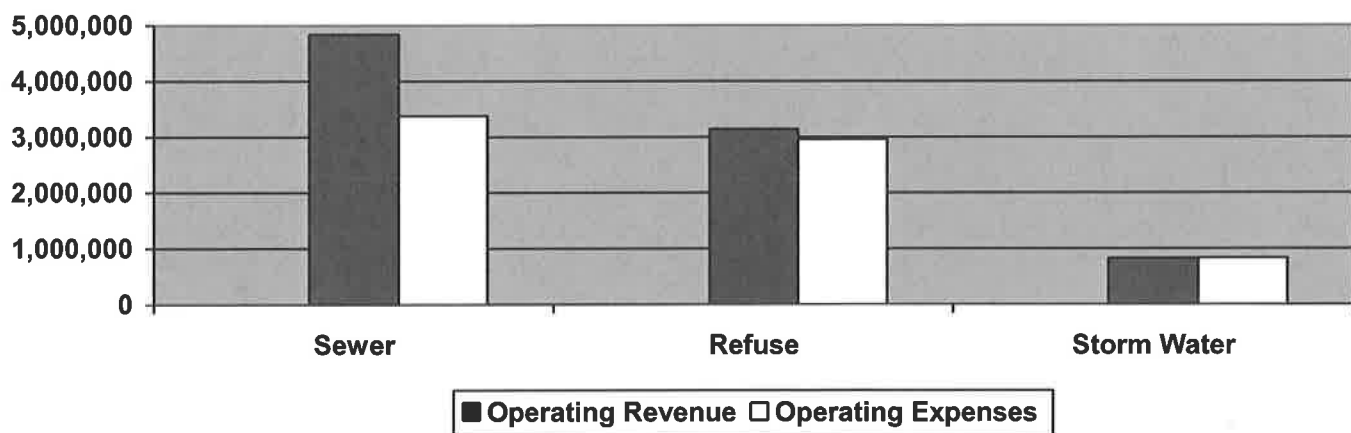
Net position of the Sewer, Refuse and Storm Water funds at the end of the year amounted to \$73,257,706. There are net position in the Governmental Activities Internal Service fund of \$15,251,182.

These funds were established for the City operations that are financed and operated in a manner similar to private business enterprises. The cost of providing the services to the general public is recovered, in whole or in part, through user charges.

The City's enterprise operations are comprised of three separate and distinct activities: Sewer, Refuse and Storm Water. Results of operations for these funds for the years ended June 30, 2014 and June 30, 2013 are as follows:

	Sewer		Refuse		Storm Water	
	2014	2013	2014	2013	2014	2013
Operating Revenues	\$ 4,837,116	\$ 4,574,181	\$ 3,139,016	\$ 2,996,396	\$ 831,083	\$ 890,893
Operating Expenses	3,380,141	3,208,163	2,960,082	2,770,264	835,029	728,713
Non-Operating Rev (Exp)	(569,773)	(387,334)	31,363	9,712	85,430	6,983
Capital Contributions	397,688	178,978	-	-	291,597	398,433
Operating Transfers, net	(2,816,829)	1,633,090	152,490	210,342	(12,130)	--
Change in Net Position	(1,531,939)	2,790,752	362,787	446,186	360,951	567,596

**Proprietary Fund Operating Revenues & Expenses
FY14**



BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget one time. This amendment was done in April 2014. The amendments were needed due to the City's participation in the various Federal & State Grant Programs. At the end of the year, the City did not exceed the amended budgeted amounts in any of its functions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the City had approximately \$255 million invested in capital assets including police and fire equipment, public buildings, park facilities, roads, bike trails, bridges, water treatment facilities, sanitary sewer lines, and storm water improvements. (See Table following.) This represents a net increase of approximately \$7 million or 2.87% over last year.

City of Cedar Falls Capital Assets (net of depreciation)

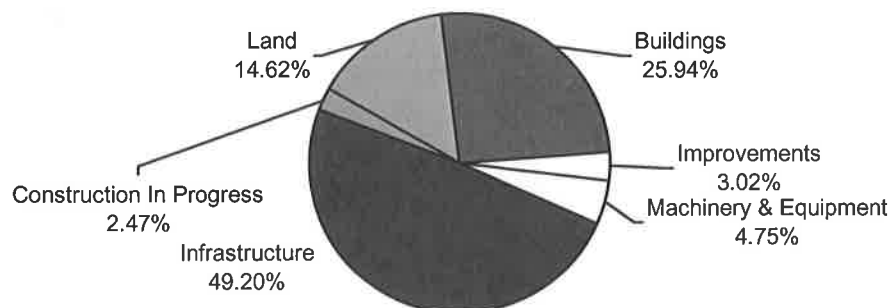
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 35,640,130	\$ 28,867,975	\$ 1,612,581	\$ 1,612,581	\$ 37,252,711	\$ 30,480,556
Buildings	17,941,937	18,419,051	48,127,933	17,988,157	66,069,870	36,407,208
Improvements other than buildings	7,691,423	8,195,797	-	-	7,691,423	8,195,797
Machinery and equipment	6,930,584	6,674,726	5,172,799	5,324,374	12,103,383	11,999,100
Infrastructure	94,331,154	90,353,811	31,023,077	30,831,125	125,354,231	121,184,936
Construction in progress	5,693,990	11,425,467	586,079	27,958,970	6,280,069	39,384,437
Total	<u>\$ 168,229,218</u>	<u>\$ 163,936,827</u>	<u>\$ 86,522,469</u>	<u>\$ 83,715,207</u>	<u>\$ 254,751,687</u>	<u>\$ 247,652,034</u>

Major capital asset events during the current fiscal year included the following:

- Hwy 58 Pedestrian Bridge.
- Bluff Street Liftstation.
- Leverage & Lone Tree Rd.
- Center Street Bridge over Snag Creek
- Treatment Facility Disinfection.

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

Capital Assets Net of Depreciation



Debt

At year-end, the City had \$14,944,000 in outstanding debt compared to \$11,820,640 last year. That is an increase of \$3,123,360 or 26.42%.

City of Cedar Falls Outstanding Debt General Obligation Debt and Revenue Debt

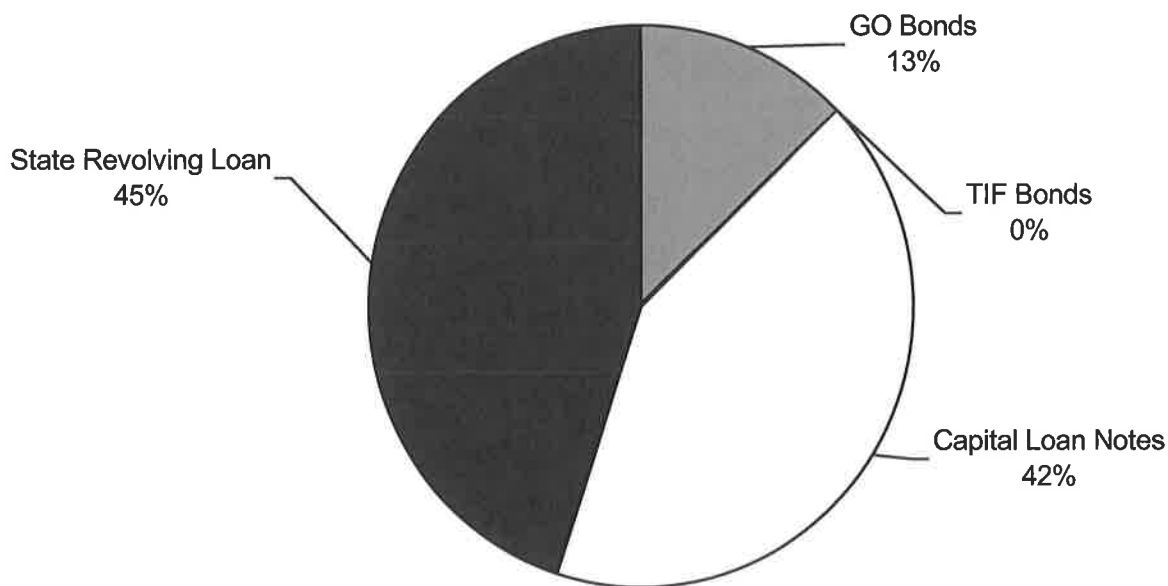
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ —	\$ —	\$ 1,900,000	\$ 2,335,000	\$ 1,900,000	\$ 2,335,000
Tax increment financing	—	575,000	—	—	—	575,000
Capital loan notes	5,875,000	8,075,000	425,000	625,000	6,300,000	8,700,000
State Revolving Loan	—	—	6,744,000	210,640	6,744,000	210,640
Total	\$ 5,875,000	\$ 8,650,000	\$ 9,069,000	\$ 3,170,640	\$ 14,944,000	\$ 11,820,640

The City of Cedar Falls was upgraded to a Aa1 rating from Moody's Investor Services for all general obligation issuances. This was a result of Moody's recalibrating their U.S. municipal rating scale.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total assessed valuation. As of June 30, 2014, the City's legal debt margin was \$125,236,517.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

City of Cedar Falls Outstanding Debt FY14



ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

During the state legislative session in 2014, the legislature reduced the taxable valuation of commercial property and created a new class of property for multi-residential. This could greatly affect the City’s general operating fund.

Even with the State reductions, the City Council did establish a balanced budget in the General Fund for FY15. The tax levy rate per \$1,000 of taxable valuation for FY15 is provided below:

General levy	\$ 8.10
Trust and Agency levy	2.22
Debt Service levy	.60
Transit levy	.25
Library levy	.27
Liability Insurance levy	.12
Emergency Management levy	.23
Municipal Band levy	<u>.02</u>
Total levy	\$ 11.81

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. The City’s discretely presented component units, Cedar Falls Utilities, have separately issued financial statements. If you have questions about this report or need additional information, contact the Department of Administrative Services, 220 Clay Street, Cedar Falls, Iowa 50613.

City of Cedar Falls, Iowa
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 65,976,358	\$ 10,179,946	\$ 76,156,304
Certificates of deposit	--	--	--
Receivables, net of allowance for uncollectible amounts:			
Property taxes	25,361,272	--	25,361,272
Other city taxes	956,087	--	956,087
Accrued interest	37,335	6,832	44,167
Special assessments	43,513	--	43,513
Notes from associated company	--	--	--
Customers	--	--	--
Human & Leisure services contributions	4,143,149	--	4,143,149
Other	1,027,113	1,223,142	2,250,255
Due from component unit	875,000	--	875,000
Internal balances	14,545,000	(14,545,000)	--
Due from other governments	697,056	29,515	726,571
Inventories	545,286	68,705	613,991
Prepays and other assets	--	--	--
Restricted assets:			
Cash	--	--	--
Certificates of deposit	--	--	--
US government and agency securities	--	--	--
Capital assets:			
Land	35,640,130	1,612,581	37,252,711
Land improvements	13,155,356	--	13,155,356
Buildings	28,026,105	54,617,175	82,643,280
Machinery and equipment	17,931,322	8,125,739	26,057,061
Infrastructure	172,775,534	47,028,725	219,804,259
Construction in progress	5,693,990	586,079	6,280,069
Accumulated depreciation	(104,993,219)	(25,447,830)	(130,441,049)
Total assets	<u>\$ 282,436,387</u>	<u>\$ 83,485,609</u>	<u>\$ 365,921,996</u>
LIABILITIES			
Accounts payable	\$ 2,380,700	\$ 569,841	\$ 2,950,541
Accrued liabilities	1,003,809	94,260	1,098,069
Due to primary government	--	--	--
Note payable to associated company	--	--	--
Payments in advance	15,000	--	15,000
Long-term liabilities:			
Portion due or payable within one year:			
Bonds payable	1,040,000	919,104	1,959,104
Compensated absences	915,761	150,773	1,066,534
Portion due or payable after one year:			
Bonds payable	4,779,312	8,136,332	12,915,644
Compensated absences	1,833,556	357,593	2,191,149
Net OPEB liability	277,521	--	277,521
Total liabilities	<u>\$ 12,245,659</u>	<u>\$ 10,227,903</u>	<u>\$ 22,473,562</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues			
Succeeding year property taxes	<u>\$ 25,252,552</u>	<u>\$ --</u>	<u>\$ 25,252,552</u>
NET POSITION			
Net investment in capital assets	\$ 162,409,906	\$ 77,467,033	\$ 239,876,939
Restricted:			
Streets	19,664,293	--	19,664,293
Debt service	416,912	--	416,912
Employee retirement system	5,214,104	--	5,214,104
TIF	5,679	--	5,679
Post closure costs	--	9,500	9,500
Unrestricted	57,227,282	(4,218,827)	53,008,455
Total net position	<u>\$ 244,938,176</u>	<u>\$ 73,257,706</u>	<u>\$ 318,195,882</u>

See notes to financial statements

Component Units			
Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ 33,320,510	\$ 7,363,697	\$ 4,234,249	\$ 1,787,295
3,690,000	--	--	--
--	--	--	--
--	--	--	--
16,547	4,009	13	1,950
--	--	--	--
553,090	2,400,000	--	--
6,629,329	3,012,135	424,714	1,813,524
--	--	--	--
14,373,942	421,233	352,845	744,751
--	--	--	--
--	--	--	--
3,366,622	92,986	46,144	62,187
7,598,819	166,774	124,254	1,004,328
673,768	52,883	34,734	127,440
2,094,355	131,079	50,754	187,453
5,580,000	--	--	1,615,000
--	--	--	--
1,373,577	29,714	63,466	2,177
4,683	--	--	--
31,369,108	3,099,505	1,922,630	--
20,072,032	649,731	1,255,692	17,588,929
160,729,533	18,927,957	27,735,879	16,458,088
7,054,663	1,736,473	126,161	409,947
(78,136,608)	(10,283,025)	(9,534,234)	(6,836,155)
<u>\$ 220,363,970</u>	<u>\$ 27,805,151</u>	<u>\$ 26,837,301</u>	<u>\$ 34,966,914</u>
\$ 6,336,179	\$ 1,813,914	\$ 179,394	\$ 1,040,001
15,723,545	552,992	209,634	549,870
1,500,000	--	--	--
--	--	--	2,953,090
--	--	--	--
2,685,000	--	--	1,640,000
--	--	--	--
46,224,434	--	--	12,559,351
768,366	543,965	421,195	762,224
675,714	140,479	100,137	45,814
<u>\$ 73,913,238</u>	<u>\$ 3,051,350</u>	<u>\$ 910,360</u>	<u>\$ 19,550,350</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 93,557,553	\$ 14,160,355	\$ 21,569,594	\$ 10,471,048
--	--	--	--
6,623,104	--	--	1,717,341
--	--	--	--
--	--	--	--
--	--	--	--
46,270,075	10,593,446	4,357,347	3,228,175
<u>\$ 146,450,732</u>	<u>\$ 24,753,801</u>	<u>\$ 25,926,941</u>	<u>\$ 15,416,564</u>

City of Cedar Falls, Iowa
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Public safety	\$ 9,293,710	\$ 661,382	\$ 86,902	\$ --
Public works	12,086,420	179,494	--	3,576,733
Health and social services	166,764	--	--	--
Culture and recreation	7,135,841	2,518,347	290,245	--
Community and economic development	5,134,158	--	1,441,165	--
General government	4,684,649	1,773,501	--	--
Interest on long-term debt and related fees	183,339	--	--	--
Total governmental activities	<u>\$ 38,684,881</u>	<u>\$ 5,132,724</u>	<u>\$ 1,818,312</u>	<u>\$ 3,576,733</u>
Business-type activities:				
Sewer	\$ 3,971,854	\$ 4,837,116	\$ --	\$ 397,688
Refuse	2,960,082	3,139,016	--	--
Storm Water	835,029	831,083	--	291,597
Total business-type activities	<u>\$ 7,766,965</u>	<u>\$ 8,807,215</u>	<u>\$ --</u>	<u>\$ 689,285</u>
Total primary government	<u>\$ 46,451,846</u>	<u>\$ 13,939,939</u>	<u>\$ 1,818,312</u>	<u>\$ 4,266,018</u>
Component units				
Electric Utility	\$ 49,291,512	\$ 57,143,340	\$ --	\$ 2,242,043
Gas Utility	12,404,427	13,781,621	--	52,229
Water Utility	3,319,860	4,001,392	--	176,336
Communications Utility	15,596,027	16,127,177	--	158,246
Total component units	<u>\$ 80,611,826</u>	<u>\$ 91,053,530</u>	<u>\$ --</u>	<u>\$ 2,628,854</u>
General revenues:				
Property taxes and assessments				
Local option sales tax				
Hotel/motel taxes				
Other city taxes				
Use of money and property				
Intergovernmental, not restricted to specific programs				
Miscellaneous				
Utility contribution in lieu of taxes				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See notes to financial statements

Net (Expense) Revenue and Changes in net position						
Governmental Activities	Primary Government		Component Units			
	Business-type Activities	Total	Electric Utility	Gas Utility	Water Utility	Communications Utility
\$ (8,545,426)	\$ --	\$ (8,545,426)	\$ --	\$ --	\$ --	\$ --
(8,330,193)	--	(8,330,193)	--	--	--	--
(166,764)	--	(166,764)	--	--	--	--
(4,327,249)	--	(4,327,249)	--	--	--	--
(3,692,993)	--	(3,692,993)	--	--	--	--
(2,911,148)	--	(2,911,148)	--	--	--	--
(183,339)	--	(183,339)	--	--	--	--
<u>\$ (28,157,112)</u>	<u>\$ --</u>	<u>\$ (28,157,112)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ 1,262,950	\$ 1,262,950	\$ --	\$ --	\$ --	\$ --
--	178,934	178,934	--	--	--	--
--	287,651	287,651	--	--	--	--
<u>\$ --</u>	<u>\$ 1,729,535</u>	<u>\$ 1,729,535</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<u>\$ (28,157,112)</u>	<u>\$ 1,729,535</u>	<u>\$ (26,427,577)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ --	\$ --	\$ --	\$ 10,093,871	\$ --	\$ --	\$ --
--	--	--	--	1,429,423	--	--
--	--	--	--	--	857,868	--
--	--	--	--	--	--	689,396
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,093,871</u>	<u>\$ 1,429,423</u>	<u>\$ 857,868</u>	<u>\$ 689,396</u>
\$ 21,248,529	\$ --	\$ 21,248,529	\$ --	\$ --	\$ --	\$ --
5,040,056	--	5,040,056	--	--	--	--
886,820	--	886,820	--	--	--	--
110,015	--	110,015	--	--	--	--
1,120,041	44,547	1,164,588	76,450	59,508	215	4,171
4,545,694	94,186	4,639,880	--	--	--	--
1,389,109	--	1,389,109	--	--	--	--
1,725,000	--	1,725,000	--	--	--	--
2,676,469	(2,676,469)	--	--	--	--	--
<u>\$ 38,741,733</u>	<u>\$ (2,537,736)</u>	<u>\$ 36,203,997</u>	<u>\$ 76,450</u>	<u>\$ 59,508</u>	<u>\$ 215</u>	<u>\$ 4,171</u>
\$ 10,584,621	\$ (808,201)	\$ 9,776,420	\$ 10,170,321	\$ 1,488,931	\$ 858,083	\$ 693,567
234,353,555	74,065,907	308,419,462	136,280,411	23,264,870	25,068,858	14,722,997
<u>\$ 244,938,176</u>	<u>\$ 73,257,706</u>	<u>\$ 318,195,882</u>	<u>\$ 146,450,732</u>	<u>\$ 24,753,801</u>	<u>\$ 25,926,941</u>	<u>\$ 15,416,564</u>

City of Cedar Falls, Iowa
Balance Sheet
Governmental Funds
June 30, 2014

		Special Revenue		
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
ASSETS				
Cash	\$ 9,140,914	\$ 5,496,048	\$ --	\$ 13,272,583
Receivables, net of allowance for uncollectible amounts:				
Property taxes	15,080,000	--	7,403,265	--
Other city taxes	110,187	--	--	735,713
Accrued interest	10,005	2,504	--	7,713
Special assessments	--	--	--	--
Human & Leisure services contributions	4,143,149	--	--	--
Other	200,205	594,715	--	28,154
Due from component unit	875,000	--	--	--
Due from other funds	--	--	--	--
Advance to other funds	--	10,675,000	--	--
Due from other governments	18,881	--	--	--
Inventories	195,196	--	--	--
Total assets	<u>\$ 29,773,537</u>	<u>\$ 16,768,267</u>	<u>\$ 7,403,265</u>	<u>\$ 14,044,163</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 367,152	\$ --	\$ --	\$ 328,054
Accrued liabilities	425,286	--	--	--
Payments in advance	--	--	--	--
Due to other funds	--	--	--	--
Total liabilities	<u>\$ 792,438</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 328,054</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues:				
Succeeding year property taxes	\$ 14,988,893	\$ --	\$ 7,397,586	\$ --
Amounts held in community foundation	4,143,149	--	--	--
Amount due at end of lease	--	571,230	--	--
Other	115,268	--	--	--
Total deferred inflows of resources	<u>\$ 19,247,310</u>	<u>\$ 571,230</u>	<u>\$ 7,397,586</u>	<u>\$ --</u>
FUND BALANCES				
Nonspendable	\$ 195,196	\$ --	\$ --	\$ --
Restricted	--	--	5,679	13,716,109
Committed	--	16,197,037	--	--
Assigned	2,205,244	--	--	--
Unassigned	7,333,349	--	--	--
Total fund balances	<u>\$ 9,733,789</u>	<u>\$ 16,197,037</u>	<u>\$ 5,679</u>	<u>\$ 13,716,109</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,773,537</u>	<u>\$ 16,768,267</u>	<u>\$ 7,403,265</u>	<u>\$ 14,044,163</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources.

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.

Accrued compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

See notes to financial statements

Special Revenue Street Construction Fund	Debt Service Fund	Capital Projects		Other Governmental Funds	Total Governmental Funds
		Capital Improvements	Bond Fund		
\$ 5,701,389	\$ 412,004	\$ 7,972,127	\$ --	\$ 10,367,190	\$ 52,362,255
--	1,050,385	--	--	1,827,622	25,361,272
--	--	--	--	110,187	956,087
--	--	2,837	--	6,320	29,379
--	--	13,977	--	29,536	43,513
--	--	--	--	--	4,143,149
--	--	8,515	38,667	6,951	877,207
--	--	--	--	--	875,000
--	--	--	--	5,012,132	5,012,132
--	--	3,870,000	--	--	14,545,000
302,928	--	--	300,698	74,549	697,056
230,391	--	--	--	27,350	452,937
<u>\$ 6,234,708</u>	<u>\$ 1,462,389</u>	<u>\$ 11,867,456</u>	<u>\$ 339,365</u>	<u>\$ 17,461,837</u>	<u>\$ 105,354,987</u>
\$ 87,785	\$ --	\$ 417,536	\$ 608,697	\$ 98,456	\$ 1,907,680
36,728	--	--	--	10,772	472,786
--	--	--	--	15,000	15,000
--	--	--	4,993,965	18,167	5,012,132
<u>\$ 124,513</u>	<u>\$ --</u>	<u>\$ 417,536</u>	<u>\$ 5,602,662</u>	<u>\$ 142,395</u>	<u>\$ 7,407,598</u>
\$ --	\$ 1,045,477	\$ 13,977	\$ --	\$ 1,848,766	\$ 25,294,699
--	--	--	--	--	4,143,149
--	--	--	--	--	571,230
--	--	--	300,698	125,067	541,033
<u>\$ --</u>	<u>\$ 1,045,477</u>	<u>\$ 13,977</u>	<u>\$ 300,698</u>	<u>\$ 1,973,833</u>	<u>\$ 30,550,111</u>
\$ 230,391	\$ --	\$ --	\$ --	\$ 27,350	\$ 452,937
5,879,804	416,912	--	--	6,902,455	26,920,959
--	--	--	--	832,163	17,029,200
--	--	11,435,943	--	7,600,443	21,241,630
--	--	--	(5,563,995)	(16,802)	1,752,552
<u>\$ 6,110,195</u>	<u>\$ 416,912</u>	<u>\$ 11,435,943</u>	<u>\$ (5,563,995)</u>	<u>\$ 15,345,609</u>	<u>\$ 67,397,278</u>
<u>\$ 6,234,708</u>	<u>\$ 1,462,389</u>	<u>\$ 11,867,456</u>	<u>\$ 339,365</u>	<u>\$ 17,461,837</u>	
					165,756,963
					5,297,559
					15,251,182
					(13,073)
					(2,932,421)
					(5,819,312)
					<u>\$ 244,938,176</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue			
	General Fund	Hospital Fund	TIF Fund	Street Repair Fund
Revenues:				
Property taxes and assessments	\$ 17,213,432	\$ --	\$ 1,716,474	\$ --
Other city taxes	528,706	--	--	5,040,056
Licenses and permits	1,197,723	--	--	--
Use of money and property	86,853	481,359	--	48,378
Intergovernmental	801,576	--	--	--
Charges for services	3,487,794	--	--	--
Fines and forfeitures	252,196	--	--	--
Miscellaneous	325,689	261	--	134,337
Utility contribution in lieu of taxes	1,725,000	--	--	--
Total revenues	\$ 25,618,969	\$ 481,620	\$ 1,716,474	\$ 5,222,771
Expenditures:				
Current:				
Public safety	\$ 7,702,350	\$ --	\$ --	\$ --
Public works	1,439,835	--	--	4,365,263
Health and social services	14,750	3,434	--	--
Culture and recreation	5,734,555	--	--	--
Community and economic development	940,054	--	--	--
General government	4,592,138	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	\$ 20,423,682	\$ 3,434	\$ --	\$ 4,365,263
Excess (deficiency) of revenues over (under) expenditures	\$ 5,195,287	\$ 478,186	\$ 1,716,474	\$ 857,508
Other financing sources (uses):				
Transfers:				
Transfers in	\$ 485,179	\$ --	\$ 964,579	\$ 248,930
Transfers out	(4,937,764)	--	(2,690,809)	--
Total other financing sources (uses)	\$ (4,452,585)	\$ --	\$ (1,726,230)	\$ 248,930
Net change in fund balances	\$ 742,702	\$ 478,186	\$ (9,756)	\$ 1,106,438
Fund balances, beginning	9,037,503	15,718,851	15,435	12,609,671
Increase (decrease) in reserve for inventories	(46,416)	--	--	--
Fund balances, ending	\$ 9,733,789	\$ 16,197,037	\$ 5,679	\$ 13,716,109

See notes to financial statements

Special Revenue		Capital Projects				
Street Construction Fund	Debt Service Fund	Capital Improvements	Bond Fund	Other Governmental Funds	Total Governmental Funds	
\$	\$	\$	\$	\$	\$	
--	941,653	--	--	1,372,631	21,244,190	
--	4,026	--	--	422,717	5,995,505	
--	--	--	--	--	1,197,723	
--	--	199,691	--	303,759	1,120,040	
3,901,734	--	--	2,283,271	1,702,179	8,688,760	
--	--	--	--	54,278	3,542,072	
--	--	--	--	140,732	392,928	
5,125	--	386,596	204,455	344,088	1,400,551	
--	--	--	--	--	1,725,000	
\$ 3,906,859	\$ 945,679	\$ 586,287	\$ 2,487,726	\$ 4,340,384	\$ 45,306,769	
\$	\$	\$	\$	\$	\$	
3,351,546	--	--	--	1,486,179	9,188,529	
--	--	--	--	169,105	9,325,749	
--	--	--	--	--	18,184	
--	--	--	--	395,907	6,130,462	
--	--	--	--	1,411,199	2,351,253	
--	--	--	--	--	4,592,138	
--	2,991,208	--	--	--	2,991,208	
--	--	489,388	7,391,600	2,712,259	10,593,247	
\$ 3,351,546	\$ 2,991,208	\$ 489,388	\$ 7,391,600	\$ 6,174,649	\$ 45,190,770	
\$ 555,313	\$ (2,045,529)	\$ 96,899	\$ (4,903,874)	\$ (1,834,265)	\$ 115,999	
\$ 12,130	\$ 2,143,595	\$ 3,417,675	\$ 101,728	\$ 5,173,773	\$ 12,547,589	
(417,209)	--	(84,060)	(117,161)	(1,620,871)	(9,867,874)	
\$ (405,079)	\$ 2,143,595	\$ 3,333,615	\$ (15,433)	\$ 3,552,902	\$ 2,679,715	
\$ 150,234	\$ 98,066	\$ 3,430,514	\$ (4,919,307)	\$ 1,718,637	\$ 2,795,714	
6,012,776	318,846	8,005,429	(644,688)	13,623,029	64,696,852	
(52,815)	--	--	--	3,943	(95,288)	
\$ 6,110,195	\$ 416,912	\$ 11,435,943	\$ (5,563,995)	\$ 15,345,609	\$ 67,397,278	

City of Cedar Falls, Iowa
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds	\$	2,795,714
--	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Net acquisition of capital assets	11,503,496	
Depreciation expense	<u>(6,993,791)</u>	
		4,509,705

Because some revenues will not be collected for several months after the City's year end, they are not considered available revenues and are reported as deferred inflows of resources in the governmental funds, as follows:

Other	<u>427,183</u>	
		427,183

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of net position. Current year repayments exceeded issues, as follows:

Discount on general obligation bonds	27,925	
Repaid	2,775,000	
Accrued interest	<u>4,944</u>	
		2,807,869

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	(50,671)	
Other postemployment benefits	65,618	
Change in inventory	<u>(95,288)</u>	
		(80,341)

Internal service funds are used by management to charge the costs of fleet management, management information systems and risk management activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

		124,491
Change in net position of governmental activities	\$	<u><u>10,584,621</u></u>

See notes to financial statements

City of Cedar Falls, Iowa
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Fund	
	Sewer Fund	Refuse Fund
ASSETS		
Current assets:		
Cash	\$ 4,324,381	\$ 3,469,604
Receivables, net of allowance for uncollectible amounts:		
Accrued interest	3,655	1,861
Other	809,565	375,840
Due from other governments	--	18,000
Inventories	40,494	28,211
Total current assets	<u>\$ 5,178,095</u>	<u>\$ 3,893,516</u>
Noncurrent assets:		
Capital assets:		
Land	\$ 779,878	\$ 204,845
Buildings	42,278,668	12,338,507
Machinery and equipment	5,620,554	2,505,185
Infrastructure	30,379,203	--
Construction in progress	518,636	34,924
Accumulated depreciation	(17,732,562)	(2,383,804)
Total noncurrent assets	<u>\$ 61,844,377</u>	<u>\$ 12,699,657</u>
Total assets	<u>\$ 67,022,472</u>	<u>\$ 16,593,173</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 478,184	\$ 67,779
Accrued liabilities	67,002	22,377
Bonds payable - due within one year	919,104	--
Compensated absences - due within one year	83,993	60,309
Total current liabilities	<u>\$ 1,548,283</u>	<u>\$ 150,465</u>
Noncurrent liabilities:		
Bonds payable- after one year	\$ 8,136,332	\$ --
Advance from other funds	14,545,000	--
Compensated absences - after one year	105,884	234,015
Total noncurrent liabilities	<u>\$ 22,787,216</u>	<u>\$ 234,015</u>
Total liabilities	<u>\$ 24,335,499</u>	<u>\$ 384,480</u>
NET POSITION		
Net investment in capital assets	\$ 52,788,941	\$ 12,699,657
Restricted for post closure costs	--	9,500
Unrestricted	(10,101,968)	3,499,536
Total net position	<u>\$ 42,686,973</u>	<u>\$ 16,208,693</u>

See notes to financial statements

Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
<u>Storm Water Fund</u>	<u>Total</u>	
\$ 2,385,961	\$ 10,179,946	\$ 13,614,103
1,316	6,832	7,956
37,737	1,223,142	149,906
11,515	29,515	--
--	68,705	92,349
<u>\$ 2,436,529</u>	<u>\$ 11,508,140</u>	<u>\$ 13,864,314</u>
\$ 627,858	\$ 1,612,581	\$ --
--	54,617,175	90,302
--	8,125,739	7,707,765
16,649,522	47,028,725	--
32,519	586,079	--
(5,331,464)	(25,447,830)	(5,325,812)
<u>\$ 11,978,435</u>	<u>\$ 86,522,469</u>	<u>\$ 2,472,255</u>
<u>\$ 14,414,964</u>	<u>\$ 98,030,609</u>	<u>\$ 16,336,569</u>
\$ 23,878	\$ 569,841	\$ 473,020
4,881	94,260	517,950
--	919,104	--
6,471	150,773	41,032
<u>\$ 35,230</u>	<u>\$ 1,733,978</u>	<u>\$ 1,032,002</u>
\$ --	\$ 8,136,332	\$ --
--	14,545,000	--
17,694	357,593	53,385
<u>\$ 17,694</u>	<u>\$ 23,038,925</u>	<u>\$ 53,385</u>
<u>\$ 52,924</u>	<u>\$ 24,772,903</u>	<u>\$ 1,085,387</u>
\$ 11,978,435	\$ 77,467,033	\$ 2,472,254
--	9,500	--
2,383,605	(4,218,827)	12,778,928
<u>\$ 14,362,040</u>	<u>\$ 73,257,706</u>	<u>\$ 15,251,182</u>

City of Cedar Falls, Iowa
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds	
	Sewer Fund	Refuse Fund
Operating revenues:		
Charges for services	\$ 4,819,434	\$ 2,598,530
Other	17,682	540,486
Total operating revenues	<u>\$ 4,837,116</u>	<u>\$ 3,139,016</u>
Operating expenses:		
Personal services	\$ 1,230,003	\$ 1,184,044
Contractual services	910,520	1,276,913
Supplies and equipment	223,809	77,770
Depreciation	1,015,809	421,355
Total operating expenses	<u>\$ 3,380,141</u>	<u>\$ 2,960,082</u>
Operating income	<u>\$ 1,456,975</u>	<u>\$ 178,934</u>
Nonoperating revenues (expenses):		
Interest revenue	\$ 21,940	\$ 13,363
Interest expense	(591,713)	--
Intergovernmental	--	18,000
Gain (loss) on disposal of equipment	--	--
Nonoperating revenues (expenses),net	<u>\$ (569,773)</u>	<u>\$ 31,363</u>
Income before contributions and transfers	<u>\$ 887,202</u>	<u>\$ 210,297</u>
Capital contributions	\$ 397,688	\$ --
Transfers in	1,229,626	287,680
Transfers out	(4,046,455)	(135,190)
Contributions and transfers, net	<u>\$ (2,419,141)</u>	<u>\$ 152,490</u>
Change in net position	<u>\$ (1,531,939)</u>	<u>\$ 362,787</u>
Net position, beginning	44,218,912	15,845,906
Net position, ending	<u><u>\$ 42,686,973</u></u>	<u><u>\$ 16,208,693</u></u>

See notes to financial statements

Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
Storm Water Fund	Total	
\$ 831,083	\$ 8,249,047	\$ 6,562,344
--	558,168	377,077
\$ 831,083	\$ 8,807,215	\$ 6,939,421
\$ 281,920	\$ 2,695,967	\$ 953,942
112,522	2,299,955	4,160,801
35,297	336,876	1,283,017
405,290	1,842,454	392,310
\$ 835,029	\$ 7,175,252	\$ 6,790,070
\$ (3,946)	\$ 1,631,963	\$ 149,351
\$ 9,244	\$ 44,547	\$ 55,995
--	(591,713)	--
76,186	94,186	--
--	--	(77,609)
\$ 85,430	\$ (452,980)	\$ (21,614)
\$ 81,484	\$ 1,178,983	\$ 127,737
\$ 291,597	\$ 689,285	\$ --
--	1,517,306	--
(12,130)	(4,193,775)	(3,246)
\$ 279,467	\$ (1,987,184)	\$ (3,246)
\$ 360,951	\$ (808,201)	\$ 124,491
14,001,089	74,065,907	15,126,691
\$ 14,362,040	\$ 73,257,706	\$ 15,251,182

City of Cedar Falls, Iowa
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,770,035
Receipts from interfund services	--
Payments to suppliers	(2,144,339)
Payments to employees	(1,230,246)
Net cash provided by operating activities	<u>\$ 1,395,450</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 1,229,626
Transfers to other funds	(4,046,455)
Receipts from other governments	--
Net cash provided by (used for) noncapital financing activities	<u>\$ (2,816,829)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net acquisition of property and equipment	\$ (4,144,205)
Capital contributions	397,688
Proceeds from debt maturities	6,787,464
Principal paid on debt maturities	(889,104)
Payments on advance from other funds	(795,000)
Interest paid	(579,754)
Net cash provided by (used for) capital and related financing activities	<u>\$ 777,089</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>\$ 25,206</u>
Net increase (decrease) in cash	<u>\$ (619,084)</u>
CASH BALANCES, Beginning	<u>4,943,465</u>
CASH BALANCES, Ending	<u><u>\$ 4,324,381</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ 1,456,975
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,015,809
Change in assets and liabilities:	
(Increase) decrease in:	
Customer and other receivables	(67,967)
Inventories	443
Increase (decrease) in accounts payable, accrued and other liabilities	(1,009,810)
Net cash provided by operating activities	<u><u>\$ 1,395,450</u></u>

See notes to financial statements

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Refuse Fund	Storm Water Fund	Total	
\$ 3,120,083	\$ 830,418	\$ 8,720,536	\$ --
--	--	--	6,534,594
(1,324,009)	(136,297)	(3,604,645)	(4,915,100)
(1,159,126)	(280,063)	(2,669,435)	(1,081,922)
<u>\$ 636,948</u>	<u>\$ 414,058</u>	<u>\$ 2,446,456</u>	<u>\$ 537,572</u>
\$ 287,680	\$ --	\$ 1,517,306	\$ --
(135,190)	(12,130)	(4,193,775)	(3,246)
--	64,671	64,671	--
<u>\$ 152,490</u>	<u>\$ 52,541</u>	<u>\$ (2,611,798)</u>	<u>\$ (3,246)</u>
\$ (74,625)	\$ (430,886)	\$ (4,649,716)	\$ (252,604)
--	291,597	689,285	--
--	--	6,787,464	--
--	--	(889,104)	--
--	--	(795,000)	--
--	--	(579,754)	--
<u>\$ (74,625)</u>	<u>\$ (139,289)</u>	<u>\$ 563,175</u>	<u>\$ (252,604)</u>
\$ 14,418	\$ 10,068	\$ 49,692	\$ 64,192
\$ 729,231	\$ 337,378	\$ 447,525	\$ 345,914
2,740,373	2,048,583	9,732,421	13,268,189
<u>\$ 3,469,604</u>	<u>\$ 2,385,961</u>	<u>\$ 10,179,946</u>	<u>\$ 13,614,103</u>
\$ 178,934	\$ (3,946)	\$ 1,631,963	\$ 149,351
421,355	405,290	1,842,454	392,310
(8,990)	(665)	(77,622)	(139,303)
(452)	--	(9)	236,438
46,101	13,379	(950,330)	(101,224)
<u>\$ 636,948</u>	<u>\$ 414,058</u>	<u>\$ 2,446,456</u>	<u>\$ 537,572</u>

**CITY OF CEDAR FALLS, IOWA
NOTES TO FINANCIAL STATEMENTS
INDEX**

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Cedar Falls is a municipal corporation governed by an elected mayor and seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The discretely presented electric, gas, water, and communications utilities each have a December 31 year end.

Discretely Presented Component Units. The electric, gas, water, and communications utilities serve all the citizens of the City and are governed by a five-member board appointed by the mayor of the City of Cedar Falls. The rates for user charges and bond issuance authorizations are approved by the City Council, and the legal liability for the general obligation portion of the Utilities' debt remains with the City.

Complete financial statements for the Utilities may be obtained at the administrative offices.

Cedar Falls Utilities
Utility Parkway
Cedar Falls, Iowa 50613

Jointly Governed Organizations. The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Black Hawk County Consolidated Public Safety Communications Center, Black Hawk County Solid Waste Management Commission, Black Hawk County Criminal Justice Information Systems and Metropolitan Transit Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of net position presents the assets and liabilities, with the difference reported as net position. Net position are reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often have constraints on resources that are imposed by management, but can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, interest, fines and forfeitures, and special assessments are susceptible to accrual. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other grant requirements have been met, and the criteria for accrual has been met.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *hospital fund* accounts for the lease income derived from Sartori Memorial Hospital.

The *TIF fund* accounts for property taxes received through tax increment financing.

The *street repair fund* accounts for local option sales tax received from the state to be used to repair streets.

The *street construction fund* accounts for state revenues allocated to the City to be used to maintain and improve the City's streets.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary funds.

The *capital improvements fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *bond fund* accounts for all bond proceeds not related to proprietary funds and all the related capital projects associated with the bond sales.

The City reports the following major proprietary funds:

The *sewer fund* accounts for the operations and maintenance of the City's sanitary sewer system.

The *refuse fund* accounts for the operations and maintenance of the City's garbage collection.

The *storm water fund* accounts for the operations and maintenance of the city's storm water system.

Additionally, the City reports the following fund type:

Internal service funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. These include data processing, vehicle maintenance, health insurance, health insurance severance, payroll, and risk management activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between the government's refuse and sewer functions and various other functions of the government. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the refuse fund, sewer fund, and the government's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Inflows of Resources, and Net position or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City and the Utility to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. Investments of the City and the Utility are reported at fair value. Due to legal and budgetary reasons, the General Fund is assigned a portion of the investment earnings associated with the other funds. These funds are Street Construction, Debt Service, and the Cemetery Perpetual Care Funds.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2014, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2013 and March 31, 2014. Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Any County collections on the 2013-2014 tax levy remitted to the City within sixty days subsequent to June 30, 2014, are recorded as property tax revenues. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2014, are delinquent and have been recorded as receivables and unavailable revenues.

By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as unavailable revenues and will not be recognized as revenue until the year for which it is levied.

3. Inventories and Prepaid Items

Inventories in the governmental fund types are valued at cost using the first-in/first-out method. The costs of governmental fund type inventories are recognized as expenditures when purchased. Inventories in the proprietary fund types and component unit are valued at the lower of first-in/first-out cost or market, except for fuel inventories of the Electric Utility, which are valued at the lower of last-in/first-out method cost or market. The cost of proprietary fund type and component unit inventories are recognized as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Restricted Assets*

Certain assets of the component units are restricted because of applicable bond provisions.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the government as equipment with initial, individual cost of \$2,500 or greater or a purchase of land, land improvements, building, or infrastructure with a value of \$5,000 or greater and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Computer Equipment	5 years	Streets	30 years
Equipment	10-30 years	Buildings	40-50 years
Office Equipment	10-30 years	Land Improvements	20-40 years
Vehicles	10-20 years	Storm Water	40 years
Parking Lots	15 years	Bridges	45 years
Furniture	20 years	Lift Stations	50 years
Large Vehicles	20-40 years	Sewer	50 years
Traffic Signals	20 years	Historic Buildings	100 years

6. *Compensated Absences*

City employees accumulate vacation, sick leave, and comp-time hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay and a maximum of one-half of all unused sick leave may be paid upon termination of employment.

All severance is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absence liability has been computed based on rates of pay in effect on June 30, 2014.

7. *Long-term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond

premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Deferred Inflows of Resources*

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from four sources: Property taxes, amounts held in community foundation, amounts due at end of lease, and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, only the property tax revenues remain a deferred inflow and will become an inflow in the year they are levied and budgeted for.

9. *Fund Balance Policies*

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council by adoption of an ordinance prior to the end of the fiscal year). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution authorized the Finance Manager to assign fund balance.
- Unassigned fund balance – amounts not included in other spendable classifications reported. The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

As of June 30, 2014, fund balances are composed of the following:

<u>Fund Balance</u> <u>Classification</u>	<u>Purpose</u>	<u>Fund</u>	<u>Amount</u>
Nonspendable	Inventory	General	\$ 195,196
		Street Construction	230,391
		Non-major Governmental Funds	27,350
			<u>\$ 452,937</u>
Restricted	TIF Debt	TIF	\$ 5,679
	Street Repair	Street Repair	13,716,109
	Road Use Tax	Street Construction	5,879,804
	Debt Service	Debt Service	416,912
	Community Block Grant	Non-major Governmental Funds	102,612
	Housing Assistance	Non-major Governmental Funds	642,137
	Employee Retirement Systems	Non-major Governmental Funds	5,214,104
	Visitors & Tourism	Non-major Governmental Funds	571,872
	Cemetery Perpetual Care	Non-major Governmental Funds	371,730
			<u>\$ 26,920,959</u>
Committed	Health Services	Hospital	\$ 16,197,037
	Parking	Non-major Governmental Funds	832,163
			<u>\$ 17,029,200</u>
Assigned	Cultural Services	General	\$ 143,182
	Recreational Services	General	2,062,062
	Capital Projects	Capital Improvements	11,435,943
	Capital Projects	Non-major Governmental Funds	7,600,443
			<u>\$ 21,241,630</u>

The City Council has adopted a minimum cash reserve policy. Those amounts are as follows:

General Fund: 15-25% and preferably at the 20-25% level

Refuse Fund: 20-30%, but no less than \$500,000.

Sewer Fund: 65-75%, but no less than \$1,500,000.

Street Fund: 20-30%, but no less than \$1,000,000.

Storm Water Fund: 10-20%, but no less than \$200,000

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary information

The City prepares and adopts an annual budget on a function basis for the City as a whole, rather than at the fund level, as prescribed by Iowa statutes. The state of Iowa mandates that annual budgets for the fiscal year beginning July 1 be certified to the County Auditor no later than March 15 preceding the beginning of the fiscal year. The review and adoption of the budget for the City is in accordance with state laws and City budget procedures as stated in City Code, recodified November 1971, and amended by ordinance adoption thereafter. Budget proposals for all operating department requests are conducted by the Department of Administrative Services who prepares, for the Mayor's consideration, a preliminary budget by January 1 of each year for the coming fiscal year. The budget proposal presented to the City Council by the Mayor and Director of Administrative Services is a complete financial plan for the upcoming fiscal year. The proposal is submitted on or before the first Monday of February. The City Council holds various budget meetings with the Mayor, Director of

Administrative Services, department heads, and boards and commissions, as well as holding a public hearing prior to adopting the budget. The Council adopts the budget by resolution and certifies it to the County Auditor by the 15th of March preceding the beginning of the fiscal year. This budget becomes the appropriation for operations of the City.

The adopted budget presents expenditures in nine functions- Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, and Business-type Activities. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the function level. Appropriations as adopted lapse at the end of the fiscal year.

Amendments to the City budget are considered annually as funding sources are available. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council. An additional levy of property taxes is not allowed by state law. The City budget for the current year may be amended for any of the following purposes:

- To permit the appropriation and expenditure of unexpended, unencumbered fund balances on hand at the end of the preceding fiscal year.
- To permit the appropriation and expenditure of amounts anticipated being available from sources other than property taxation.
- To permit transfers between funds as prescribed by state law.
- To permit transfers between functions.

The Council adopts the amended budget by resolution and certifies it to the County Auditor by May 31 of the budget year. The amended budget becomes the appropriation for operations of the City. The City Council adopted one budget amendment resolution during the year ended June 30, 2014.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Due to the emphasis placed on monitoring budgets, as a result of limited resources to provide City services, major classifications such as personal services, capital outlays, contractual services, and commodities are monitored throughout the year by the Department of Administrative Services.

Monthly reports are prepared by department and activity. Any major deviations must be approved by the Department of Administrative Services and the Mayor. While the legal level of control is the program level of expenditure, departments are responsible for not expending more than the amount of the appropriation for each activity within their area of responsibility, unless approved by the Department of Administrative Services and the Mayor.

The City budgets all receipts, disbursements, and interfund and intrafund transfers on the cash basis plus recorded accounts payable. The budget amounts included in this report are the final cash basis budget for the year for all funds excluding the trust and agency funds, which are not budgeted for by the City. Budgeted interfund transfers and intrafund transfers have been eliminated in the following statement of program disbursements - budget and actual.

Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the General Fund and most of the special revenue funds, unexpended budgeted amounts lapse at the end of the budget year.

B. Deficit Fund Balances

The Bond fund, a major capital projects fund, has a deficit fund balance of \$5,563,995. This deficit fund balance is expected to be recovered through future bond sales. The Sidewalk Assessment fund, a non-major capital projects fund, has a deficit fund balance of \$16,802. The deficit fund balance is expected to be recovered through future property tax special assessments.

Note 3. Detailed Notes On All Funds

A. Deposits and Investments

The City's deposits in banks and credit unions at June 30, 2014 were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Cash balances as of June 30, 2014, consist of the following:

Cash – unrestricted	\$ 76,156,304
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The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

A reconciliation of cash as shown on the combined balance sheet for the primary government follows:

Carrying amount of deposits	\$ 76,156,304
Cash – Governmental Activities	\$ 65,976,358
Cash – Business-type Activities	10,179,946
Total	\$ 76,156,304

Interest Rate Risk: The City's investment policy limits the investments of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit Risk: The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year.

Concentration of credit risk: The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments. The policy also limits the amount that can be invested in a single issue to five percent of its total deposits and investments. The City held no such investments during the year.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's deposits are entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City did not hold any investments during the year.

The component units' deposits were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the entity or its agent in the entity's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Cash balances as of December 31, 2013, consist of the following:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Cash – unrestricted	\$ 33,320,510	\$ 7,363,697	\$ 4,234,249	\$ 1,787,295
Cash – restricted	2,094,355	131,079	50,754	187,453
	<u>\$ 35,414,865</u>	<u>\$ 7,494,776</u>	<u>\$ 4,285,003</u>	<u>\$ 1,974,748</u>

A reconciliation of cash and investments as shown on the statement for net position for the component units follows:

	Electric Utility	Gas Utility	Water Utility	Communications Utility
Carrying amount of deposits	\$ 35,414,865	\$ 7,494,776	\$ 4,285,003	\$ 1,974,748
Carrying amount of certificates	9,270,000	--	--	1,615,000
Total	<u>\$ 44,684,865</u>	<u>\$ 7,494,776</u>	<u>\$ 4,285,003</u>	<u>\$ 3,589,748</u>
Cash	\$ 33,320,510	\$ 7,363,697	\$ 4,234,249	\$ 1,787,295
Cash - Restricted	2,094,355	131,079	50,754	187,453
Investments:				
Certificates of deposit	3,690,000	--	--	--
Certificates of deposit - restricted	5,580,000	--	--	1,615,000
Total	<u>\$ 44,684,865</u>	<u>\$ 7,494,776</u>	<u>\$ 4,285,003</u>	<u>\$ 3,589,748</u>

B. Receivable

On June 30, 2014, the City has recorded a \$4,143,149 receivable for library, recreation, and cultural contributions held by the Cedar Falls Civic Foundation. The funds will be used to support library services, recreation services, and the cultural center, therefore is reported as an asset to the General Fund.

C. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,867,975	\$ 6,772,155	\$ --	\$ 35,640,130
Construction in progress	11,425,467	7,224,278	12,955,755	5,693,990
Total capital assets, not being depreciated	<u>\$ 40,293,442</u>	<u>\$ 13,996,433</u>	<u>\$ 12,955,755</u>	<u>\$ 41,334,120</u>
Capital assets, being depreciated:				
Buildings	\$ 27,818,640	\$ 207,465	\$ --	\$ 28,026,105
Land improvements	13,155,356	--	--	13,155,356
Machinery and equipment	17,153,865	1,270,691	493,234	17,931,322
Infrastructure	163,497,944	9,277,590	--	172,775,534
Total capital assets, being depreciated	<u>\$ 221,625,805</u>	<u>\$ 10,755,746</u>	<u>\$ 493,234</u>	<u>\$ 231,888,317</u>
Less accumulated depreciation for:				
Buildings	\$ 9,399,589	\$ 684,579	\$ --	\$ 10,084,168
Land improvements	4,959,559	504,374	--	5,463,933
Machinery and equipment	10,479,139	896,902	375,303	11,000,738
Infrastructure	73,144,133	5,300,247	--	78,444,380
Total accumulated depreciation	<u>\$ 97,982,420</u>	<u>\$ 7,386,102</u>	<u>\$ 375,303</u>	<u>\$ 104,993,219</u>
Total capital assets, being depreciated, net	<u>\$ 123,643,385</u>	<u>\$ 3,369,644</u>	<u>\$ 117,931</u>	<u>\$ 126,895,098</u>
Governmental activities capital asset, net	<u>\$ 163,936,827</u>	<u>\$ 17,366,077</u>	<u>\$ 13,073,686</u>	<u>\$ 168,229,218</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,612,581	\$ --	\$ --	\$ 1,612,581
Construction in progress	<u>27,958,970</u>	<u>3,439,789</u>	<u>30,812,680</u>	<u>586,079</u>
Total capital assets, not being depreciated	<u>\$ 29,571,551</u>	<u>\$ 3,439,789</u>	<u>\$ 30,812,680</u>	<u>\$ 2,198,660</u>
Capital assets, being depreciated:				
Buildings	\$ 23,933,783	\$ 30,683,392	\$ --	\$ 54,617,175
Machinery and equipment	7,964,022	168,333	6,616	8,125,739
Infrastructure	<u>45,857,843</u>	<u>1,170,882</u>	<u>--</u>	<u>47,028,725</u>
Total capital assets, being depreciated	<u>\$ 77,755,648</u>	<u>\$ 32,022,607</u>	<u>\$ 6,616</u>	<u>\$ 109,771,639</u>
Less accumulated depreciation for:				
Buildings	\$ 5,945,626	\$ 543,616	\$ --	\$ 6,489,242
Machinery and equipment	2,639,648	319,908	6,616	2,952,940
Infrastructure	<u>15,026,718</u>	<u>978,930</u>	<u>--</u>	<u>16,005,648</u>
Total accumulated depreciation	<u>\$ 23,611,992</u>	<u>\$ 1,842,454</u>	<u>\$ 6,616</u>	<u>\$ 25,447,830</u>
Total capital assets, being depreciated, net	<u>\$ 54,143,656</u>	<u>\$ 30,180,153</u>	<u>\$ --</u>	<u>\$ 84,323,809</u>
Business-type activities capital assets, net	<u>\$ 83,715,207</u>	<u>\$ 33,619,942</u>	<u>\$ 30,812,680</u>	<u>\$ 86,522,469</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	\$ 116,091
Public works	5,380,636
Health and social services	148,578
Culture and recreation	1,112,488
Community and economic development	78,584
General government	157,415
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	<u>392,310</u>
Total depreciation expense - governmental activities	<u>\$ 7,386,102</u>
Business-type activities	
Sewer	\$ 1,015,809
Refuse	421,355
Storm Water	<u>405,290</u>
Total depreciation expense - business-type activities	<u>\$ 1,842,454</u>

Construction Commitments

The City has active construction projects as of June 30, 2014. At year-end the City's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Beach House	\$ 542,586	\$ 37,352	\$ 505,234
Bioretention	26,234	5,320	20,914
Bridge Maintenance	244,869	179,312	65,557
Center St. Bridge	84,243	62,867	21,376
Disinfection	22,328,889	22,084,026	244,863
Downtown Levee Improvements	855,500	272,668	582,832
Hwy 58 Pedestrian Bridge	58,800	58,396	404
Park Drive Lift Station	610,538	420,943	189,595
Permeable Alley	79,875	12,121	67,754
Prairie Parkway Extension	2,290,615	279,020	2,011,595
Sewer Rehab	378,020	-	378,020
Street Reconstruction	2,029,714	584,133	1,445,581
Street Restoration	1,329,176	661,608	667,568
Traffic Signal	37,900	3,204	34,696
Traffic Study	25,000	4,956	20,044
Watershed Improvements	81,570	58,100	23,470
West 1 st St. Study	436,187	375,136	61,051
West Viking Road	3,563,648	2,862,187	701,461
	<u>\$ 35,003,364</u>	<u>\$ 27,961,349</u>	<u>\$ 7,042,015</u>

Discretely Presented Component Units

Activity for the Electric Utility for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,326,855	\$ 46,722	--	\$ 1,373,577
Construction in progress	19,422,336	12,820,316	25,187,989	7,054,663
Total capital assets, not being depreciated	<u>\$ 20,749,191</u>	<u>\$ 12,867,038</u>	<u>\$ 25,187,989</u>	<u>\$ 8,428,240</u>
Capital assets, being depreciated:				
Buildings	\$ 25,745,195	\$ 5,668,500	\$ 44,587	\$ 31,369,108
Land improvements	4,683	--	--	4,683
Machinery and equipment	20,862,151	2,770,110	3,560,229	20,072,032
Infrastructure	145,179,355	16,702,657	1,152,479	160,729,533
Total capital assets, being depreciated	<u>\$ 191,791,384</u>	<u>\$ 25,141,267</u>	<u>\$ 4,757,295</u>	<u>\$ 212,175,356</u>
Less accumulated depreciation for:				
Buildings	\$ 9,959,575	\$ 240,895	\$ 44,851	\$ 10,155,619
Land improvements	4,571	21	--	4,592
Machinery and equipment	11,548,816	1,309,512	3,558,636	9,299,692
Infrastructure	57,467,707	2,721,319	1,512,321	58,676,705
	<u>\$ 78,980,669</u>	<u>\$ 4,271,747</u>	<u>\$ 5,115,808</u>	<u>\$ 78,136,608</u>
Total capital assets, being depreciated, net	<u>\$ 112,810,715</u>	<u>\$ 20,869,520</u>	<u>\$ (358,513) *</u>	<u>\$ 134,038,748</u>
Electric Utility capital assets, net	<u>\$ 133,559,906</u>	<u>\$ 33,736,558</u>	<u>\$ 24,829,476</u>	<u>\$ 142,466,988</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Gas Utility for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 39,835	\$ --	\$ 10,121	\$ 29,714
Construction in progress	1,146,341	2,509,898	1,919,766	1,736,473
Total capital assets, not being depreciated	<u>\$ 1,186,176</u>	<u>\$ 2,509,898</u>	<u>\$ 1,929,887</u>	<u>\$ 1,766,187</u>
Capital assets, being depreciated:				
Buildings	\$ 2,029,561	\$ 1,075,203	\$ 5,259	\$ 3,099,505
Machinery and equipment	652,815	29,948	33,032	649,731
Infrastructure	18,388,514	814,615	275,172	18,927,957
Total capital assets, being depreciated	<u>\$ 21,070,890</u>	<u>\$ 1,919,766</u>	<u>\$ 313,463</u>	<u>\$ 22,677,193</u>
Less accumulated depreciation				
Buildings	\$ 365,294	\$ 49,154	\$ 5,259	\$ 409,189
Machinery and equipment	278,690	36,561	33,031	282,220
Infrastructure	9,180,620	707,938	296,941	9,591,616
	<u>\$ 9,824,604</u>	<u>\$ 793,653</u>	<u>\$ 335,231</u>	<u>\$ 10,283,025</u>
Total capital assets, being depreciated, net	<u>\$ 11,246,286</u>	<u>\$ 1,126,113</u>	<u>\$ (21,768) *</u>	<u>\$ 12,394,168</u>
Gas Utility capital assets, net	<u>\$ 12,432,462</u>	<u>\$ 3,636,011</u>	<u>\$ 1,908,119</u>	<u>\$ 14,160,355</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Water Utility for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 63,466	\$ --	\$ --	\$ 63,466
Construction in progress	572,606	1,052,946	1,499,391	126,161
Total capital assets, not being depreciated	<u>\$ 636,072</u>	<u>\$ 1,052,946</u>	<u>\$ 1,499,391</u>	<u>\$ 189,627</u>
Capital assets, being depreciated:				
Buildings	\$ 1,391,612	\$ 531,802	\$ 784	\$ 1,922,630
Machinery and equipment	1,242,701	21,556	8,565	1,255,692
Infrastructure	26,867,486	946,032	77,639	27,735,879
Total capital assets, being depreciated	<u>\$ 29,501,799</u>	<u>\$ 1,499,390</u>	<u>\$ 86,988</u>	<u>\$ 30,914,201</u>
Less accumulated depreciation				
Buildings	\$ 147,185	\$ 19,205	\$ 783	\$ 165,607
Machinery and equipment	180,274	19,113	3,726	195,661
Infrastructure	8,654,227	601,731	82,992	9,172,966
Total accumulated depreciation	<u>\$ 8,981,686</u>	<u>\$ 640,049</u>	<u>\$ 87,501</u>	<u>\$ 9,534,234</u>
Total capital assets, being depreciated, net	<u>\$ 20,520,113</u>	<u>\$ 859,341</u>	<u>\$ (513) *</u>	<u>\$ 21,379,967</u>
Water Utility capital assets, net	<u>\$ 21,156,185</u>	<u>\$ 1,912,287</u>	<u>\$ 1,498,878</u>	<u>\$ 21,569,594</u>

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

Activity for the Communications Utility for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ --	\$ 2,177	\$ --	\$ 2,177
Construction in progress	1,410,409	2,129,201	3,129,663	409,947
Total capital assets, not being depreciated	\$ 1,410,409	\$ 2,131,378	\$ 3,129,663	\$ 412,124
Capital assets, being depreciated:				
Machinery and equipment	\$ 18,042,813	\$ 1,445,625	\$ 1,899,509	\$ 17,588,929
Infrastructure	17,205,059	1,681,861	2,428,832	16,458,088
Total capital assets, being depreciated	\$ 35,247,872	\$ 3,127,486	\$ 4,328,341	\$ 34,047,017
Less accumulated depreciation				
Machinery and equipment	\$ 202,681	\$ 19,941	\$ --	\$ 222,622
Infrastructure	7,228,376	3,824,052	4,438,895	6,613,533
Total accumulated depreciation	\$ 7,431,058	\$ 3,843,993	\$ 4,438,895	\$ 6,836,155
Total capital assets, being depreciated, net	\$ 27,816,814	\$ (716,507)	\$ (110,554) *	\$ 27,210,862
Communications Utility capital assets, net	\$ 29,227,223	\$ 1,414,872	\$ 3,019,109	\$ 27,622,986

*Cedar Falls Utilities uses FERC utility accounting which allows for depreciation calculated using the composite straight-line method. Under this method it is common for accumulated depreciation deletions to exceed the cost removed.

D. Leases

Sartori Memorial Hospital

On January 1, 1997, the operations of Sartori Memorial Hospital (Hospital) were sold to Covenant Health Systems, Inc. As part of this sale, the City entered into a lease agreement with Sartori Memorial Hospital, Inc. (SMH), whereas the City will lease to SMH the land and buildings owned by the City and used in the Hospital's operations. The initial term of the lease shall be for a period of 25 years, with variable lease payments each year. The lease may be extended for up to three additional terms, with each additional term being for a period of five years. At the termination of this lease, Covenant Health Systems, Inc. will also pay to the City an amount of \$660,378, which represents the liability arising from accrued vacation of Hospital personnel as of December 31, 1996. The present value of this liability as of June 30, 2014, is recorded as a receivable and deferred inflow of resources in the Hospital Fund in the amount of \$571,230.

Standard Distribution Services

On November 12, 2001, the City entered into a lease agreement with Crystal Distribution Services, Inc. for the former Top Air building constructed in the City's industrial and technology park. The lease was amended on November 24, 2003 and in 2007, the agreement changed to Standard Distribution Services. The lease agreement is for a period of twelve years with various monthly payments ranging from \$10,000 to \$20,000 payable to the City. Standard Distribution Services will have the option to purchase the building upon expiration of the lease.

The leases for the Hospital and with Standard Distribution Services are both being treated as operating leases by the City. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Hospital	Building
2015	\$ 31,796	\$ 62,000
2016	31,796	--
2017	31,796	--
2018	31,796	--
2019	31,796	--
2020-2021	63,589	--
Total	<u>\$ 222,569</u>	<u>\$ 62,000</u>

The capital assets being leased through the operating leases are as follows:

	Governmental Activities	
	Hospital	Building
Land	\$ 151,494	\$ --
Building	5,873,537	2,153,925
Less:		
Accumulated depreciation	(2,357,603)	(946,829)
Total	<u>\$ 3,667,428</u>	<u>\$ 1,207,096</u>

E. Long-term Debt

General Obligation Bonds

Unmatured general obligation bonds totaling \$1,888,600, net of unamortized discount of \$11,400, are outstanding as of June 30, 2014. These bonds bear interest with rates ranging from 2.30% to 3.70%; mature in varying annual amounts through June 30, 2018; and were originally issued for \$4,310,000. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2015	450,000	66,835
2016	465,000	51,760
2017	485,000	35,718
2018	500,000	18,500
Total	<u>\$ 1,900,000</u>	<u>\$ 172,813</u>

State Revolving Loan

In July 2011, the City entered into a loan and disbursement agreement with the Iowa Finance Authority for the issuance of \$21 million in sewer revenue capital loan notes under the State Revolving Fund Program. These notes will finance the major renovation project at the City's water treatment facility related to disinfection compliance. As of June 30, 2014, only \$6,744,000 is outstanding.

Capital Loan Notes

Unmatured capital loan notes totaling \$6,242,148, net of unamortized discount and unamortized deferred amount on refunding of \$57,852 are outstanding as of June 30, 2014. These notes bear interest at rates of 1.40% to 3.80%; mature in varying annual amounts through June 30, 2024; and were originally issued for \$12,400,000. Annual debt service requirements to maturing for capital loan notes are as follows:

Year Ending June 30,	Govenmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,040,000	\$ 156,875	\$ 215,000	\$ 3,290
2016	1,070,000	134,515	210,000	1,785
2017	1,145,000	109,555	--	--
2018	1,175,000	81,278	--	--
2019	365,000	49,718		
2019-2023	895,000	97,689	--	--
2024	185,000	7,030	--	--
Total	<u>\$ 5,875,000</u>	<u>\$ 636,660</u>	<u>\$ 425,000</u>	<u>\$ 5,075</u>

As of June 30, 2014, the outstanding general obligation debt of the City did not exceed its legal debt margin computed as follows:

Estimated actual valuation of taxable property within the City	<u>\$ 2,697,530,340</u>
Debt limit - 5% of total actual valuation	\$ 134,876,517
Debt applicable to debt limit:	
General obligation bonds/Capital loan notes	8,200,000
General obligation bonds - component unit	<u>1,440,000</u>
Legal debt margin	<u>\$ 125,236,517</u>

All tax-exempt debt issued by the City is subject to IRS arbitrage rebate unless the City meets the \$5 million small issuers exemption in a given year. As of June 30, 2014, the City had no arbitrage liability.

Debt Summary

Following is a summary of the City's debt transactions for the year ended June 30, 2014, and the total bonded indebtedness of the City as of that date.

	Date of Issue	Balance Beginning of Year	Issued/ Incurred During Year	Redeemed/ Paid During Year	Balance End of Year	Amount Due Within One Year
Governmental Activities:						
Tax increment financing bonds:						
Tax increment financing	2010	\$ 575,000	\$ --	\$ 575,000	\$ --	\$ --
Less unamortized deferred amount on refunding		(22,880)	--	(22,880)	--	--
		<u>\$ 597,880</u>	<u>\$ --</u>	<u>\$ 597,880</u>	<u>\$ --</u>	<u>\$ --</u>
Capital Loan Notes:						
Corporate Purpose	2008	\$ 2,380,000	\$ --	\$ 685,000	\$ 1,695,000	\$ 400,000
Corporate Purpose	2009	2,900,000	--	205,000	2,695,000	280,000
Refunding	2010	375,000	--	375,000	--	--
Refunding	2012	2,420,000	--	935,000	1,485,000	360,000
		<u>\$ 8,075,000</u>	<u>\$ --</u>	<u>\$ 2,200,000</u>	<u>\$ 5,875,000</u>	<u>\$ 1,040,000</u>
Less unamortized discount		31,166	--	4,043	27,123	--
Less unamortized deferred amount on refunding		19,478	--	(9,087)	28,565	--
		<u>\$ 8,024,356</u>	<u>\$ --</u>	<u>\$ 2,205,044</u>	<u>\$ 5,819,312</u>	<u>\$ 1,040,000</u>
Governmental activity total long-term debt		<u>\$ 8,622,236</u>	<u>\$ --</u>	<u>\$ 2,802,924</u>	<u>\$ 5,819,312</u>	<u>\$ 1,040,000</u>

	Date of Issue	Balance Beginning of Year	Issued/ Incurred During Year	Redeemed/ Paid During Year	Balance End of Year	Amount Due Within One Year
Business-type activities						
General obligation bonds:						
Sewer	2008	\$ 2,335,000	\$ --	\$ 435,000	\$ 1,900,000	\$ 450,000
Less unamortized discount		14,374	--	2,974	11,400	--
		<u>\$ 2,320,626</u>	<u>\$ --</u>	<u>\$ 432,026</u>	<u>\$ 1,888,600</u>	<u>\$ 450,000</u>
Capital Loan Notes:						
Sewer Refunding	2012	\$ 625,000	\$ --	\$ 200,000	\$ 425,000	\$ 215,000
Less unamortized deferred amount on refunding		3,293	--	1,129	2,164	--
		<u>\$ 621,707</u>	<u>\$ --</u>	<u>\$ 198,871</u>	<u>\$ 422,836</u>	<u>\$ 215,000</u>
State Revolving Loan		<u>\$ 210,640</u>	<u>\$ 6,787,464</u>	<u>\$ 254,104</u>	<u>\$ 6,744,000</u>	<u>\$ 254,104</u>
Business-type activity total long-term debt		<u>\$ 3,152,973</u>	<u>\$ 6,787,464</u>	<u>\$ 885,001</u>	<u>\$ 9,055,436</u>	<u>\$ 919,104</u>

Revenue Bonds and Installment Agreements – Electric Utility

The Series 2005 and 2007 revenue bonds require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the bonds are in a range between 3.75% and 4.375%. The bonds are secured by the future net revenues of the Utility. Long-term debt matures and bears interest as follows:

Year Ending	Component Unit - Revenue Bonds	
	Principal	Interest
2014	\$ 2,225,000	\$ 1,379,344
2015	2,320,000	1,290,343
2016	2,420,000	1,197,544
2017	2,525,000	1,100,744
2018	2,635,000	999,744
2019-2023	14,970,000	3,284,988
2024-2026	6,195,000	454,363
	<u>\$ 33,290,000</u>	<u>\$ 9,707,070</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

Capital Loan Notes – Electric Utility

The 2010A and 2010B revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates are in a range between 2.50% and 4.75%. The capital loan notes are secured by the future net revenues of the Utility.

Component Unit - Capital Loan Notes				
<u>Year</u>		<u>Principal</u>		<u>Interest</u>
2014	\$	460,000	\$	549,667
2015		1,070,000		536,118
2016		1,100,000		507,267
2017		1,120,000		477,618
2018		1,155,000		447,442
2019-2023		6,360,000		1,664,243
2024-2028		2,910,000		714,088
2029-2030		1,335,000		95,712
	\$	15,510,000	\$	4,992,155

Debt Summary – Electric Utility

Long-term debt activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Revenue Bonds:					
Series 2003	\$ --	\$ --	\$ --	\$ --	\$ --
Series 2005	20,550,000	--	1,370,000	19,180,000	1,420,000
Series 2007	14,875,000	--	765,000	14,110,000	805,000
Capital Loan Notes:					
Series 2010A	9,195,000	--	405,000	8,790,000	410,000
Series 2010B	6,770,000	--	50,000	6,720,000	50,000
Total bonds	51,390,000	--	2,590,000	48,800,000	2,685,000
Less: Unamortized					
discount	799,212	--	566,927	232,285	--
Add: Unamortized					
premium	360,512	--	18,793	341,719	--
Total long-term debt	\$ 50,951,300	\$ --	\$ 2,041,866	\$ 48,909,434	\$ 2,685,000

General Obligation Capital Loan Notes – Communications Utility

All general obligation (G.O.) bonds and notes have been issued by the City on behalf of the Utility. The G.O. notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the notes are in a range between 2.05% and 3.80%. The total debt service obligations over the remaining term of the notes are as follows:

Year Ending	Component Unit - G.O. Capital Loan Notes	
	Principal	Interest
2014	\$ 165,000	\$ 45,242
2015	105,000	41,860
2016	110,000	39,340
2017	115,000	36,370
2018	120,000	33,035
2019-2023	675,000	102,630
2024	150,000	5,700
	<u>\$ 1,440,000</u>	<u>\$ 304,177</u>

Revenue Capital Loan Notes – Communications Utility

The Series 2009 and 2010 revenue capital loan notes require annual principal payments, due December 1, and semiannual interest payments, due June 1 and December 1. Interest rates throughout the term of the notes are in a range between 3.0% and 4.3%. The notes are secured by the future net revenues of the Utility. The bonds mature and bear interest as follows:

Year Ending	Component Unit - Revenue Capital Loan Notes	
	Principal	Interest
2014	\$ 1,475,000	\$ 391,110
2015	1,525,000	346,860
2016	1,570,000	301,110
2017	1,630,000	252,310
2018	1,690,000	201,660
2019-2023	4,235,000	329,508
2024	235,000	10,105
	<u>\$ 12,360,000</u>	<u>\$ 1,832,663</u>

The bond resolution provides certain covenants relating to the collection, segregation, and distribution of revenues from customers; places certain restrictions on the future of borrowing and leasing or disposition of assets; and requires that minimum insurance coverage be maintained.

The Board of Trustees of the Municipal Electric Utility authorized a loan to be extended to the Utility under Resolution No. 2759, 2840, 2939, 2994, and 3086. The December 31, 2013 outstanding balance on this loan was \$553,090, bearing interest as 2.0%. The Board of Trustees of the Municipal Gas Utility approved a loan to be extended to the Utility under Resolution No. 5077. The December 31, 2013 outstanding balance on this loan was \$2,400,000, bearing interest at 2.0%.

Debt Summary – Communications Utility

Long-term debt activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capital loan notes					
Series 2009	\$ 1,595,000	\$ --	\$ 155,000	\$ 1,440,000	\$ 165,000
Revenue capital loan notes					
Series 2009	2,655,000	--	345,000	2,310,000	355,000
Revenue capital loan notes					
Series 2010	11,145,000	--	1,095,000	10,050,000	1,120,000
	<u>\$ 15,395,000</u>	<u>\$ --</u>	<u>\$ 1,595,000</u>	<u>\$ 13,800,000</u>	<u>\$ 1,640,000</u>
Less: unamortized discount on debt	131,295	--	125,644	5,651	--
Add: unamortized premium on debt	450,316	--	45,314	405,002	--
	<u>\$ 15,714,021</u>	<u>\$ --</u>	<u>\$ 1,514,670</u>	<u>\$ 14,199,351</u>	<u>\$ 1,640,000</u>

F. Long-term Liabilities

Accrued Compensated Absences

Following is a summary of the City's activity for accrued compensated absences for the year-ended June 30, 2014, and the total liability of the City as of that date as reported on the government-wide statement of net position:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Amount Payable Within One Year
Governmental activities	<u>\$ 2,703,988</u>	<u>\$ 178,281</u>	<u>\$ 132,952</u>	<u>\$ 2,749,317</u>	<u>\$ 915,761</u>
Business-type activities	<u>\$ 491,274</u>	<u>\$ 52,688</u>	<u>\$ 35,596</u>	<u>\$ 508,366</u>	<u>\$ 150,773</u>

The majority of compensated absences expenditures are paid for out of the General Fund.

Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan, which provides self-insured medical/prescription drug benefits for all full-time active and retired employees and their eligible dependents. Eligible retirees receive health care coverage through the same plan that is available to active employees. To be eligible for these benefits, participants must be receiving a pension benefit from the Iowa Public Employee Retirement System (IPERS), receiving a Social Security Disability Benefit, or retired under Code Chapter 411 of the Iowa Code. There were nineteen retirees participating in the plan as of June 30th. Retirees pay the same premium for the health benefit plan as active employees, which results in an implicit subsidy and an OPEB liability. The Plan does not issue a stand-alone financial report.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The majority of expenditures are paid for out of the General Fund.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 57,725
Interest on net OPEB obligation	17,157
Adjustment to annual required contribution	<u>(15,199)</u>
Annual OPEB Cost	59,683
Net contributions - retirees	<u>(125,301)</u>
Decrease in net OPEB obligation	(65,618)
Net OPEB obligation beginning of year	<u>343,139</u>
Net OPEB obligation end of year	\$277,521

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2013. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the City paid \$232,335 for retiree health claims. Plan members eligible for benefits contributed \$107,034 or 100% of the premium costs. The net resulted in a \$125,301 contribution for retirees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed from City	Net OPEB Obligation
June 30, 2014	\$59,683	47.63%	\$277,521
June 30, 2013	\$ 48,830	(38.87%)	\$343,139
June 30, 2012	\$ 48,830	148.3%	\$275,329

Funded Status and Funding Progress – As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$670,451, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$670,451. The covered payroll (annual payroll of active employees covered by the plan) was \$11,750,374 and the ratio of the UAAL to covered payroll was 5.7%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employments, mortality and the health care cost trend. Actuarially determined amounts are subject to continual review as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the City's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 3% is assumed for purposes of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from a combination of the retirement probabilities from MFPRSI Actuarial Report, the IPERS Actuarial Report, and the City's experience.

Projected claim costs of the health plan are \$692.25 per month for retirees less than age 65 and \$554.08 per month for retirees who have attained age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

G. Interfund Balances

Individual interfund receivable and payable balances by fund type as of June 30, 2014, were stated in the fund financial statements as follows:

Due to/from other funds:	Total	
	Interfund Receivables	Interfund Payables
Fund		
Bond Fund	\$ --	\$ 4,993,965
Nonmajor Governmental Funds	5,012,132	18,167
Total	\$ 5,012,132	\$ 5,012,132

The balances are due to the elimination of reporting negative cash

Advances from/to other funds:	Total	
	Advance to Other Funds	Advance from Other Funds
Fund		
Hospital Fund	\$ 10,675,000	\$ --
Capital Improvements Fund	3,870,000	--
Sewer Fund	--	14,545,000
Total	\$ 14,545,000	\$ 14,545,000

The amount payable from the Sewer Fund to the Hospital Fund and the Capital Improvements Fund relates to internal financing for the large disinfection project at the City's water treatment facility.

H. Interfund Transactions

The following transfers represent individual fund interfund transfers as stated in the Fund Financial Statements.

Transfer To	Transfer From	Amount
General Fund	Street Construction Fund	\$ 141,600
	Capital Improvements Fund	84,060
	Non-major Governmental Funds	17,963
	Sewer Fund	103,120
	Refuse Fund	135,190
	Internal Service Funds	3,246
		<u>\$ 485,179</u>
TIF Fund	Non-major Governmental Funds	<u>\$ 964,579</u>
Street Repair Fund	Street Construction Fund	\$ 131,769
	Bond Fund	117,161
		<u>\$ 248,930</u>
Street Construction Fund	Storm Water Fund	<u>\$ 12,130</u>
Debt Service Fund	General Fund	\$ 1,519,000
	TIF Fund	624,595
		<u>\$ 2,143,595</u>
Capital Improvements Fund	General Fund	\$ 3,272,675
	Non-major Governmental Funds	145,000
		<u>\$ 3,417,675</u>
Bond Fund	TIF Fund	<u>\$ 101,728</u>
Non-major Governmental Funds	General Fund	\$ 146,089
	TIF Fund	1,228,189
	Sewer Fund	3,799,495
		<u>\$ 5,173,773</u>
Sewer Fund	TIF Fund	\$ 736,297
	Non-major Governmental Funds	493,329
		<u>\$ 1,229,626</u>
Refuse Fund	Street Construction Fund	\$ 143,840
	Sewer Fund	143,840
		<u>\$ 287,680</u>
Total		<u><u>\$ 14,064,895</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move debt service payments from proprietary or special revenue funds to the debt service fund as debt service payments come due and, (3) to move receipts from user fee generated funds to the general fund for certain administrative and custodial costs in the general fund.

Note 4. Other Notes

A. Retirement Systems

IPERS

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The City's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$834,065, \$822,374 and \$771,437 respectively, equal to the required contributions for each year.

Municipal Fire and Police Retirement System of Iowa

The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by State statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 7155 Lake Dr., West Des Moines, Iowa 50266.

Plan members are required to contribute 9.40% of earnable compensation and the City's contribution rate may not be less than 30.12% of earnable compensation. Contribution requirements are established by State statute. The City's contributions to the Plan for the years ended June 30, 2014, 2013, and 2012 were \$1,371,261, \$1,144,556 and \$1,080,516 respectively, which met the required minimum contribution for each year.

B. Due To/From Component Unit

Amounts due from the component unit to the general fund at June 30, 2014, were as follows:

	Due from
Component Unit:	
Electric utility	\$ 775,000
Gas utility	100,000
Total	<u>\$ 875,000</u>

This amount differs from the amount reported as due to primary government since the Electric Utility and Gas Utility component units have a calendar year end of December 31, 2013.

C. Related Party Transactions

During the fiscal year ended June 30, 2003, the Black Hawk County Solid Waste Management Commission, which is a jointly governed organization, passed a resolution for annual distributions of its excess funds. The prorated share for the City of Cedar Falls was at \$564,721 to be received each year. However, in 2012, the commission decided to reduce the payments to \$299,534 for FY2013

and FY2014. The payments received have been recorded in the Refuse Fund as other operating revenue.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government has established various funds to account for and finance its uninsured risks of loss.

The City has established a Health Insurance Reserve Fund for insuring benefits provided to City employees and covered dependents, which is included in the internal service fund type. Health benefits were self-insured up to a specific stop loss amount of \$85,000 and an aggregate stop loss of approximately \$3,483,315 for 2014. Coverage from a private insurance company is maintained for losses in excess of the stop loss amounts. All claims handling procedures are performed by a third-party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate.

All funds of the City participate in the program and make payments to the Health Insurance Reserve Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims. The City has also established reserve funds for insuring workers' compensation, liability, and long-term disability claims which are included in the general fund type. Liability benefits were self-insured up to a specific stop loss amount of \$100,000 and an aggregate stop loss amount of \$260,000. Long-term disability benefits are self funded for the first six months, and the maximum benefit per individual is \$18,000. Workers' compensation benefits were self-insured up to an aggregate stop loss amount of \$350,000 with no specific stop loss amount. Coverage from private insurers is maintained for losses in excess of the stop loss amounts. An independent claims administrator performs all claims handling procedures. Settled claims for the above funds have not exceeded commercial coverage in any of the last three fiscal years.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

Changes in reported liabilities for the fiscal year ended June 30, 2014, are summarized as follows:

	Risk Management Fund				
	Health Insurance Reserve Fund	Workers' Compensation Reserve	Liability Reserve	Long-Term Disability Reserve	Total
Claim liabilities					
June 30, 2012	\$ 391,483	\$ 165,785	\$ --	\$ --	\$ 557,268
Claims and changes in estimates during fiscal year 2013	2,541,207	200,430	--	--	2,741,637
Claim payments	(2,550,165)	(168,876)	--	--	(2,719,041)
Claim liabilities					
June 30, 2013	\$ 382,525	\$ 197,339	\$ --	\$ --	\$ 579,864
Claims and changes in estimates during fiscal year 2014	2,587,618	115,113	--	--	2,702,731
Claim payments	(2,582,733)	(202,132)	--	--	(2,784,865)
Claim liabilities					
June 30, 2014	<u>\$ 387,410</u>	<u>\$ 110,320</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 497,730</u>

E. Commitments and Contingencies

Legal counsel has reported that as of June 30, 2014, there were claims and losses that are on file against the City. The City has the authority to levy additional taxes outside the regular limit to fund any uninsured judgment against the City. However, it is estimated that all of these claims and losses will be covered by insurance when exceeding stop loss limits, and the amounts prior to reaching these limits would not materially affect future financial statements of the City.

F. Subsequent Event

In July 2014 the State of Iowa transferred jurisdiction to the City for University Avenue. As part of this transfer, the City received \$20 million.

G. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued three statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement 27*, issued June 2012, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government

combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions.

Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, issued November 2013, will be effective for the fiscal year ending June 30, 2015. The objective of this Statement is to address any issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

City of Cedar Falls, Iowa
Budgetary Comparison Schedule - Function Budget
For the Year Ended June 30, 2014

	Budgeted Amounts	
	Original	Final
Revenues:		
Property taxes and assessments	\$ 21,697,843	\$ 21,697,843
Other City taxes	5,491,342	5,714,442
Licenses and permits	1,045,500	1,045,500
Use of money and property	1,115,090	1,120,090
Intergovernmental	12,410,900	12,520,900
Charges for services	11,934,300	12,175,380
Miscellaneous	5,771,905	6,184,255
Total revenues	<u>\$ 59,466,880</u>	<u>\$ 60,458,410</u>
Expenditures:		
Current:		
Public safety	\$ 9,727,160	\$ 9,868,160
Public works	9,796,850	10,978,450
Health and social services	42,250	42,250
Culture and recreation	6,862,500	7,283,181
Community and economic development	2,501,460	2,621,640
General government	5,091,000	5,101,000
Debt service	3,502,670	3,502,670
Capital projects	15,331,060	16,356,060
Business-type	10,898,800	19,334,250
Total expenditures	<u>\$ 63,753,750</u>	<u>\$ 75,087,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,286,870)</u>	<u>\$ (14,629,251)</u>
Other financing sources (uses):		
Proceeds from long-term debt	\$ 7,161,000	\$ 15,161,000
Transfers in	11,331,280	11,331,280
Transfers out	(11,331,280)	(11,331,280)
Total other financing sources (uses)	<u>\$ 7,161,000</u>	<u>\$ 15,161,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ 2,874,130</u>	<u>\$ 531,749</u>
Fund balances, beginning	54,290,179	54,290,179
Fund balances, ending	<u><u>\$ 57,164,309</u></u>	<u><u>\$ 54,821,928</u></u>

See notes to the required supplementary information.

Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 21,213,538	\$ (484,305)
6,060,663	346,221
1,199,772	154,272
887,202	(232,888)
11,523,744	(997,156)
11,712,219	(463,161)
2,569,862	(3,614,393)
<u>\$ 55,167,000</u>	<u>\$ (5,291,410)</u>
\$ 9,152,819	\$ 715,341
9,207,306	1,771,144
18,186	24,064
6,108,079	1,175,102
2,348,429	273,211
4,590,822	510,178
2,991,208	511,462
11,317,134	5,038,926
10,431,324	8,902,926
<u>\$ 56,165,307</u>	<u>\$ 18,922,354</u>
<u>\$ (998,307)</u>	<u>\$ 13,630,944</u>
\$ 6,787,464	\$ (8,373,536)
18,500,367	7,169,087
(18,500,367)	(7,169,087)
<u>\$ 6,787,464</u>	<u>\$ (8,373,536)</u>
\$ 5,789,157	\$ 5,257,408
55,460,072	1,169,893
<u>\$ 61,249,229</u>	<u>\$ 6,427,301</u>

City of Cedar Falls, Iowa

**Notes to Required Supplementary Information – Budgetary Reporting
For the Year ended June 30, 2014**

Note A - Budgetary Reporting

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis plus recorded accounts payable following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of disbursements known as functions, not by fund or fund type. These 9 functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$11,333,911. This budget amendment is reflected in the final budget amounts.

City of Cedar Falls, Iowa
Budgetary Comparison Schedule -
Program Budget
Notes to RSI

Note B - Explanation of Differences between Budgetary Sources and Uses of funds and GAAP Revenues and Expenditures for the GAAP General Fund and Major Special Revenue Funds

	<u>Function Budget</u>
Sources	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - function budget	\$ 55,167,000
Adjustments:	
The City budgets for all receipts on the cash basis, rather than the modified accrual or accrual basis	(1,053,016)
Total revenues for the function budget on a GAAP basis of accounting	\$ 54,113,984
Reclassifications:	
The City reports sources of funds in the function budget as revenues in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(945,679)
Capital Improvements Fund	(586,287)
Bond capital projects Fund	(2,487,726)
Nonmajor governmental GAAP funds	(4,340,384)
Business-type enterprise funds	(8,807,215)
Total revenues for general fund and major special revenue funds	<u>\$ 36,946,693</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 25,618,969
Hospital Fund	481,620
TIF Fund	1,716,474
Street Repair Fund	5,222,771
Street Construction Fund	3,906,859
Total revenues for general fund and major special revenue funds	<u>\$ 36,946,693</u>

	Function Budget
Uses	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule - function budget	\$ 56,165,307
Adjustments	
The City budgets for expenditures on the cash basis, rather than on the modified accrual or accrual basis on all items except payments to suppliers	
The City does not budget for depreciation	(3,799,285)
Total uses for the function budget on a GAAP basis of accounting	\$ 52,366,022
Reclassifications:	
The City reports uses of funds in the function budget as expenditures in other major and nonmajor funds for GAAP reporting:	
Debt Service Fund	(2,991,208)
Capital Improvements Fund	(489,388)
Bond capital projects Fund	(7,391,600)
Nonmajor governmental GAAP funds	(6,174,649)
Business-type enterprise funds	(7,175,252)
Total expenditures for general fund and major special revenue funds	\$ 28,143,925
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds:	
General Fund	\$ 20,423,682
Hospital Fund	3,434
TIF Fund	--
Street Repair Fund	4,365,263
Street Construction Fund	3,351,546
Total expenditures for general fund and major special revenue funds	\$ 28,143,925

City of Cedar Falls, Iowa
Schedule of Funding Progress for the
Cedar Falls Health Plan
June 30, 2014

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a Percentage of Covered Payroll
2012	July 1, 2011	-	525,162	525,162	0.0%	11,327,306	4.6%
2013	July 1, 2011	-	525,162	525,162	0.0%	11,619,949	4.5%
2014	July 1, 2013	-	670,451	670,451	0.0%	11,750,374	5.7%

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund
ASSETS		
Cash	\$ 74,748	\$ 659,435
Receivables, net of allowance for uncollectible amounts:		
Property taxes	---	---
Other city taxes	---	---
Accrued interest	---	---
Special assessment	---	---
Other	---	---
Due from other funds	---	---
Due from other governments	59,669	---
Inventories	---	---
Total assets	<u>\$ 134,417</u>	<u>\$ 659,435</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 28,824	\$ 14,776
Accrued liabilities	2,981	2,522
Payments in advance	---	---
Due to other funds	---	---
Total liabilities	<u>\$ 31,805</u>	<u>\$ 17,298</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues:		
Succeeding year property taxes	\$ ---	\$ ---
Other	---	---
Total deferred inflows of resources	<u>\$ ---</u>	<u>\$ ---</u>
FUND BALANCES		
Nonspendable	\$ ---	\$ ---
Restricted	102,612	642,137
Committed	---	---
Assigned	---	---
Unassigned	---	---
Total fund balances	<u>\$ 102,612</u>	<u>\$ 642,137</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 134,417</u>	<u>\$ 659,435</u>

Special Revenue

<u>Parking Fund</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Visitor & Tourism</u>
\$ 839,681	\$ 2,739,597	\$ 2,472,776	\$ 609,502
--	1,063,227	764,395	--
--	--	--	110,187
503	1,009	918	300
--	--	--	--
--	--	--	6,951
--	--	--	--
--	--	--	--
3,846	--	--	23,504
<u>\$ 844,030</u>	<u>\$ 3,803,833</u>	<u>\$ 3,238,089</u>	<u>\$ 750,444</u>
\$ 6,547	\$ 1,445	\$ 5,778	\$ 41,086
1,474	--	--	3,795
--	--	--	--
--	--	--	--
<u>\$ 8,021</u>	<u>\$ 1,445</u>	<u>\$ 5,778</u>	<u>\$ 44,881</u>
\$ --	\$ 1,059,245	\$ 761,350	\$ --
--	--	--	110,187
<u>\$ --</u>	<u>\$ 1,059,245</u>	<u>\$ 761,350</u>	<u>\$ 110,187</u>
\$ 3,846	\$ --	\$ --	\$ 23,504
--	2,743,143	2,470,961	571,872
832,163	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 836,009</u>	<u>\$ 2,743,143</u>	<u>\$ 2,470,961</u>	<u>\$ 595,376</u>
<u>\$ 844,030</u>	<u>\$ 3,803,833</u>	<u>\$ 3,238,089</u>	<u>\$ 750,444</u>

(continued)

City of Cedar Falls, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(Page 2 of 2)

	Special Revenue		
	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
ASSETS			
Cash	\$ 208,994	\$ 123,138	\$ 39,598
Receivables, net of allowance for uncollectible amounts:			
Property taxes	--	--	--
Other city taxes	--	--	--
Accrued interest	--	--	--
Special assessment	--	--	--
Other	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Inventories	--	--	--
Total assets	<u>\$ 208,994</u>	<u>\$ 123,138</u>	<u>\$ 39,598</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ --	\$ --	\$ --
Accrued liabilities	--	--	--
Payments in advance	--	--	--
Due to other funds	--	--	--
Total liabilities	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
Succeeding year property taxes	\$ --	\$ --	\$ --
Other	--	--	--
Total deferred inflows of resources	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
FUND BALANCES			
Nonspendable	\$ --	\$ --	\$ --
Restricted	208,994	123,138	39,598
Committed	--	--	--
Assigned	--	--	--
Unassigned	--	--	--
Total fund balances	<u>\$ 208,994</u>	<u>\$ 123,138</u>	<u>\$ 39,598</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 208,994</u>	<u>\$ 123,138</u>	<u>\$ 39,598</u>

(continued)

Capital Projects				
Washington Park Renovation	FEMA Fund	Sidewalk Assessment	Economic Development Capital	Total
\$ 30,768	\$ 1,799,651	\$ --	\$ 769,302	\$ 10,367,190
--	--	--	--	1,827,622
--	--	--	--	110,187
17	772	--	2,801	6,320
--	--	29,536	--	29,536
--	--	--	--	6,951
--	--	--	5,012,132	5,012,132
--	14,880	--	--	74,549
--	--	--	--	27,350
<u>\$ 30,785</u>	<u>\$ 1,815,303</u>	<u>\$ 29,536</u>	<u>\$ 5,784,235</u>	<u>\$ 17,461,837</u>
\$ --	\$ --	\$ --	\$ --	\$ 98,456
--	--	--	--	10,772
--	--	--	15,000	15,000
--	--	18,167	--	18,167
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 18,167</u>	<u>\$ 15,000</u>	<u>\$ 142,395</u>
\$ --	\$ --	\$ 28,171	\$ --	\$ 1,848,766
--	14,880	--	--	125,067
<u>\$ --</u>	<u>\$ 14,880</u>	<u>\$ 28,171</u>	<u>\$ --</u>	<u>\$ 1,973,833</u>
\$ --	\$ --	\$ --	\$ --	\$ 27,350
--	--	--	--	6,902,455
--	--	--	--	832,163
30,785	1,800,423	--	5,769,235	7,600,443
--	--	(16,802)	--	(16,802)
<u>\$ 30,785</u>	<u>\$ 1,800,423</u>	<u>\$ (16,802)</u>	<u>\$ 5,769,235</u>	<u>\$ 15,345,609</u>
<u>\$ 30,785</u>	<u>\$ 1,815,303</u>	<u>\$ 29,536</u>	<u>\$ 5,784,235</u>	<u>\$ 17,461,837</u>

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(Page 1 of 2)

	Community Development Fund	Housing Assistance Fund
Revenues:		
Property taxes and assessments	\$ --	\$ --
Other city taxes	--	--
Use of money and property	--	3,843
Intergovernmental	236,221	1,204,944
Charges for services	--	--
Fines and forfeitures	--	--
Miscellaneous	--	40,732
Total revenues	<u>\$ 236,221</u>	<u>\$ 1,249,519</u>
Expenditures:		
Current:		
Public safety	\$ --	\$ --
Public works	--	--
Culture and recreation	--	--
Community and economic development	236,616	1,174,583
Capital projects	--	--
Total expenditures	<u>\$ 236,616</u>	<u>\$ 1,174,583</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (395)</u>	<u>\$ 74,936</u>
Other financing sources (uses):		
Transfers in	\$ --	\$ --
Transfers out	--	--
Total other financing sources (uses)	<u>\$ --</u>	<u>\$ --</u>
Net change in fund balances	\$ (395)	\$ 74,936
Fund balances, beginning	103,007	567,201
Increase (decrease) in reserve for inventories	--	--
Fund balances, ending	<u><u>\$ 102,612</u></u>	<u><u>\$ 642,137</u></u>

Special Revenue

<u>Parking Fund</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Visitor & Tourism</u>
\$ ---	\$ 752,496	\$ 605,334	\$ ---
---	---	---	422,717
3,490	30,244	25,594	8,760
---	---	---	---
38,762	---	---	---
140,732	---	---	---
---	1,931	---	23,715
<u>\$ 182,984</u>	<u>\$ 784,671</u>	<u>\$ 630,928</u>	<u>\$ 455,192</u>
\$ ---	\$ 847,416	\$ 638,763	\$ ---
169,105	---	---	---
---	---	---	395,907
---	---	---	---
---	---	---	---
<u>\$ 169,105</u>	<u>\$ 847,416</u>	<u>\$ 638,763</u>	<u>\$ 395,907</u>
<u>\$ 13,879</u>	<u>\$ (62,745)</u>	<u>\$ (7,835)</u>	<u>\$ 59,285</u>
\$ ---	\$ ---	\$ ---	\$ 76,089
(13,980)	---	---	(13,983)
<u>\$ (13,980)</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 62,106</u>
\$ (101)	\$ (62,745)	\$ (7,835)	\$ 121,391
835,124	2,805,888	2,478,796	471,028
986	---	---	2,957
<u>\$ 836,009</u>	<u>\$ 2,743,143</u>	<u>\$ 2,470,961</u>	<u>\$ 595,376</u>

(continued)

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(Page 2 of 2)

	Special Revenue		
	Greenwood Perpetual Care	Fairview Perpetual Care	Hillside Perpetual Care
Revenues:			
Property taxes and assessments	\$ ---	\$ ---	\$ ---
Other city taxes	---	---	---
Use of money and property	---	---	---
Intergovernmental	---	---	---
Charges for services	6,326	6,810	2,380
Fines and forfeitures	---	---	---
Miscellaneous	---	---	---
Total revenues	<u>\$ 6,326</u>	<u>\$ 6,810</u>	<u>\$ 2,380</u>
Expenditures:			
Current:			
Public safety	\$ ---	\$ ---	\$ ---
Public works	---	---	---
Culture and recreation	---	---	---
Community and economic development	---	---	---
Capital projects	---	---	---
Total expenditures	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,326</u>	<u>\$ 6,810</u>	<u>\$ 2,380</u>
Other financing sources (uses):			
Transfers in	\$ ---	\$ ---	\$ ---
Transfers out	---	---	---
Total other financing sources (uses)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Net change in fund balances	\$ 6,326	\$ 6,810	\$ 2,380
Fund balances, beginning	202,668	116,328	37,218
Increase (decrease) in reserve for inventories	---	---	---
Fund balances, ending	<u><u>\$ 208,994</u></u>	<u><u>\$ 123,138</u></u>	<u><u>\$ 39,598</u></u>

(continued)

Capital Projects				
Washington Park Renovation	FEMA Fund	Sidewalk Assessment	Economic Development Capital	Total
\$ --	\$ --	\$ 14,801	\$ --	\$ 1,372,631
---	---	---	---	422,717
124	2,624	---	229,080	303,759
---	261,014	---	---	1,702,179
---	---	---	---	54,278
---	---	---	---	140,732
---	29,661	13,570	234,479	344,088
<u>\$ 124</u>	<u>\$ 293,299</u>	<u>\$ 28,371</u>	<u>\$ 463,559</u>	<u>\$ 4,340,384</u>
\$ --	\$ --	\$ --	\$ --	\$ 1,486,179
---	---	---	---	169,105
---	---	---	---	395,907
---	---	---	---	1,411,199
---	170,293	25,740	2,516,226	2,712,259
<u>\$ --</u>	<u>\$ 170,293</u>	<u>\$ 25,740</u>	<u>\$ 2,516,226</u>	<u>\$ 6,174,649</u>
<u>\$ 124</u>	<u>\$ 123,006</u>	<u>\$ 2,631</u>	<u>\$ (2,052,667)</u>	<u>\$ (1,834,265)</u>
\$ --	\$ 3,799,495	\$ --	\$ 1,298,189	\$ 5,173,773
---	(1,592,908)	---	---	(1,620,871)
<u>\$ --</u>	<u>\$ 2,206,587</u>	<u>\$ --</u>	<u>\$ 1,298,189</u>	<u>\$ 3,552,902</u>
\$ 124	\$ 2,329,593	\$ 2,631	\$ (754,478)	\$ 1,718,637
30,661	(529,170)	(19,433)	6,523,713	13,623,029
---	---	---	---	3,943
<u>\$ 30,785</u>	<u>\$ 1,800,423</u>	<u>\$ (16,802)</u>	<u>\$ 5,769,235</u>	<u>\$ 15,345,609</u>

City of Cedar Falls, Iowa
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	<u>Health Insurance</u>	<u>Health Insurance Severance</u>	<u>Payroll</u>
ASSETS			
Current assets:			
Cash	\$ 6,127,512	\$ 13,449	\$ 2,189,779
Receivables, net of allowance for uncollectible amounts:			
Accrued interest	3,491	---	1,532
Other	40,486	---	---
Inventories	---	---	---
Total current assets	<u>\$ 6,171,489</u>	<u>\$ 13,449</u>	<u>\$ 2,191,311</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ ---	\$ ---	\$ ---
Machinery and equipment	---	---	---
Accumulated depreciation	---	---	---
Total noncurrent assets	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Total assets	<u>\$ 6,171,489</u>	<u>\$ 13,449</u>	<u>\$ 2,191,311</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 91,129	\$ 13,449	\$ 259,082
Accrued liabilities	387,410	---	---
Compensated absences due within one year	---	---	---
Total current liabilities	<u>\$ 478,539</u>	<u>\$ 13,449</u>	<u>\$ 259,082</u>
Noncurrent liabilities:			
Compensated absences after one year	---	---	---
Total liabilities	<u>\$ 478,539</u>	<u>\$ 13,449</u>	<u>\$ 259,082</u>
NET POSITION			
Investment in capital assets	\$ ---	\$ ---	\$ ---
Unrestricted	5,692,950	---	1,932,229
Total net position	<u>\$ 5,692,950</u>	<u>\$ ---</u>	<u>\$ 1,932,229</u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 3,190,747	\$ 1,026,292	\$ 1,066,324	\$ 13,614,103
1,741	565	627	7,956
108,367	--	1,053	149,906
--	2,925	89,424	92,349
<u>\$ 3,300,855</u>	<u>\$ 1,029,782</u>	<u>\$ 1,157,428</u>	<u>\$ 13,864,314</u>
\$ --	\$ --	\$ 90,302	\$ 90,302
--	1,271,712	6,436,053	7,707,765
--	(1,043,266)	(4,282,546)	(5,325,812)
<u>\$ --</u>	<u>\$ 228,446</u>	<u>\$ 2,243,809</u>	<u>\$ 2,472,255</u>
<u>\$ 3,300,855</u>	<u>\$ 1,258,228</u>	<u>\$ 3,401,237</u>	<u>\$ 16,336,569</u>
\$ 25,192	\$ 7,678	\$ 76,490	\$ 473,020
110,320	9,348	10,872	517,950
--	25,489	15,543	41,032
<u>\$ 135,512</u>	<u>\$ 42,515</u>	<u>\$ 102,905</u>	<u>\$ 1,032,002</u>
--	29,739	23,646	53,385
<u>\$ 135,512</u>	<u>\$ 72,254</u>	<u>\$ 126,551</u>	<u>\$ 1,085,387</u>
\$ --	\$ 228,446	\$ 2,243,808	\$ 2,472,254
3,165,343	957,528	1,030,878	12,778,928
<u>\$ 3,165,343</u>	<u>\$ 1,185,974</u>	<u>\$ 3,274,686</u>	<u>\$ 15,251,182</u>

City of Cedar Falls, Iowa
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

	Health Insurance	Health Insurance Severance	Payroll
Operating revenues:			
Charges for services	\$ 2,778,905	\$ 27,750	\$ 297,920
Other	157,851	---	8,684
Total operating revenues	<u>\$ 2,936,756</u>	<u>\$ 27,750</u>	<u>\$ 306,604</u>
Operating expenses:			
Personal services	\$ ---	\$ ---	\$ 199,217
Contractual services	2,946,019	27,750	---
Supplies and equipment	---	---	---
Depreciation	---	---	---
Total operating expenses	<u>\$ 2,946,019</u>	<u>\$ 27,750</u>	<u>\$ 199,217</u>
Operating income (loss)	<u>\$ (9,263)</u>	<u>\$ ---</u>	<u>\$ 107,387</u>
Nonoperating revenues (expenses):			
Use of money and property	\$ 25,422	\$ ---	\$ 9,920
Loss on disposal of equipment	---	---	---
Nonoperating revenues (expenses)	<u>\$ 25,422</u>	<u>\$ ---</u>	<u>\$ 9,920</u>
Income (loss) before transfers	\$ 16,159	\$ ---	\$ 117,307
Transfers out	---	---	---
Change in net position	\$ 16,159	\$ ---	\$ 117,307
Net position, beginning	5,676,791	---	1,814,922
Net position, ending	<u><u>\$ 5,692,950</u></u>	<u><u>\$ ---</u></u>	<u><u>\$ 1,932,229</u></u>

<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 599,708	\$ 828,491	\$ 2,029,570	\$ 6,562,344
152,554	--	57,988	377,077
<u>\$ 752,262</u>	<u>\$ 828,491</u>	<u>\$ 2,087,558</u>	<u>\$ 6,939,421</u>
\$ --	\$ 371,732	\$ 382,993	\$ 953,942
665,920	264,946	256,166	4,160,801
--	51,412	1,231,605	1,283,017
--	98,508	293,802	392,310
<u>\$ 665,920</u>	<u>\$ 786,598</u>	<u>\$ 2,164,566</u>	<u>\$ 6,790,070</u>
<u>\$ 86,342</u>	<u>\$ 41,893</u>	<u>\$ (77,008)</u>	<u>\$ 149,351</u>
\$ 12,199	\$ 4,027	\$ 4,427	\$ 55,995
--	--	(77,609)	(77,609)
<u>\$ 12,199</u>	<u>\$ 4,027</u>	<u>\$ (73,182)</u>	<u>\$ (21,614)</u>
\$ 98,541	\$ 45,920	\$ (150,190)	\$ 127,737
--	(3,246)	--	(3,246)
<u>\$ 98,541</u>	<u>\$ 42,674</u>	<u>\$ (150,190)</u>	<u>\$ 124,491</u>
3,066,802	1,143,300	3,424,876	15,126,691
<u>\$ 3,165,343</u>	<u>\$ 1,185,974</u>	<u>\$ 3,274,686</u>	<u>\$ 15,251,182</u>

City of Cedar Falls, Iowa
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Health Insurance	Health Insurance Severance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interfund services	\$ 2,778,905	\$ --
Payments to suppliers	(2,730,995)	--
Payments to employees	--	(4,008)
Net cash provided by (used for) operating activities	<u>\$ 47,910</u>	<u>\$ (4,008)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	<u>\$ --</u>	<u>\$ --</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net acquisition of property and equipment	<u>\$ --</u>	<u>\$ --</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>\$ 29,316</u>	<u>\$ --</u>
Net increase (decrease) in cash	<u>\$ 77,226</u>	<u>\$ (4,008)</u>
CASH BALANCES, Beginning	6,050,286	17,457
CASH BALANCES, Ending	<u><u>\$ 6,127,512</u></u>	<u><u>\$ 13,449</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (9,263)	\$ --
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	--	--
Change in assets and liabilities:		
(Increase) decrease in:		
Other receivables	(33,679)	--
Inventories	--	--
Increase (decrease) in accounts payable, accrued and other liabilities	90,852	(4,008)
Net cash provided by (used for) operating activities	<u><u>\$ 47,910</u></u>	<u><u>\$ (4,008)</u></u>

<u>Payroll</u>	<u>Risk Management</u>	<u>Data Processing</u>	<u>Vehicle Maintenance</u>	<u>Total</u>
\$ 297,920	\$ 599,708	\$ 828,491	\$ 2,029,570	\$ 6,534,594
--	(693,100)	(311,174)	(1,179,831)	(4,915,100)
(320,093)	--	(367,267)	(390,554)	(1,081,922)
<u>\$ (22,173)</u>	<u>\$ (93,392)</u>	<u>\$ 150,050</u>	<u>\$ 459,185</u>	<u>\$ 537,572</u>
\$ --	\$ --	\$ (3,246)	\$ --	\$ (3,246)
\$ --	\$ --	\$ (27,465)	\$ (225,139)	\$ (252,604)
\$ 11,073	\$ 14,249	\$ 4,503	\$ 5,051	\$ 64,192
\$ (11,100)	\$ (79,143)	\$ 123,842	\$ 239,097	\$ 345,914
2,200,879	3,269,890	902,450	827,227	13,268,189
<u>\$ 2,189,779</u>	<u>\$ 3,190,747</u>	<u>\$ 1,026,292</u>	<u>\$ 1,066,324</u>	<u>\$ 13,614,103</u>
\$ 107,387	\$ 86,342	\$ 41,893	\$ (77,008)	\$ 149,351
--	--	98,508	293,802	392,310
--	(104,677)	--	(947)	(139,303)
--	--	908	235,530	236,438
(129,560)	(75,057)	8,741	7,808	(101,224)
<u>\$ (22,173)</u>	<u>\$ (93,392)</u>	<u>\$ 150,050</u>	<u>\$ 459,185</u>	<u>\$ 537,572</u>

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source*
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Governmental fund capital assets:		
Land	\$ 35,640,130	\$ 28,867,975
Land improvements	13,155,356	13,155,356
Buildings	27,935,803	27,728,338
Machinery and equipment	10,223,557	9,504,504
Infrastructure	172,775,534	163,497,944
Construction in progress	5,693,990	11,425,467
Total governmental funds capital assets	<u>\$ 265,424,370</u>	<u>\$ 254,179,584</u>
Investments in governmental funds capital assets by source:		
General fund	\$ 23,651,954	\$ 23,707,691
Special revenue funds	52,600,969	49,456,210
Capital projects funds	156,817,580	149,520,891
Internal service	225,195	225,195
Donations	32,128,672	31,269,597
Total governmental funds capital assets	<u>\$ 265,424,370</u>	<u>\$ 254,179,584</u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity *
June 30, 2014

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>
Public Safety	\$ 12,500	\$ --	\$ 1,024,831
Public Works	290,326	1,842,041	1,582,334
Health & Social Services	151,494	69,599	5,873,537
Culture and Recreation	2,806,048	10,883,674	13,120,368
Community and Economic Development	32,325,861	360,042	2,165,425
General Government	53,901	--	4,169,308
	<u>\$ 35,640,130</u>	<u>\$ 13,155,356</u>	<u>\$ 27,935,803</u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 1,621,638	\$ --	\$ --	\$ 2,658,969
3,943,686	166,723,724	4,411,873	178,793,984
--	--	--	6,094,630
3,389,263	6,051,810	1,009,449	37,260,612
112,325	--	272,668	35,236,321
1,156,645	--	--	5,379,854
<u>\$ 10,223,557</u>	<u>\$ 172,775,534</u>	<u>\$ 5,693,990</u>	<u>\$ 265,424,370</u>

City of Cedar Falls, Iowa
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity *
For the Fiscal Year Ended June 30, 2014

	Governmental Funds Capital Assets July 1, 2013	Additions	Deletions	Governmental Funds Capital Assets June 30, 2014
Public Safety	\$ 2,180,594	\$ 484,991	\$ 6,616	\$ 2,658,969
Public Works	168,953,163	15,943,808	6,102,987	178,793,984
Health & Social Services	6,094,630	---	---	6,094,630
Culture and Recreation	36,518,522	1,129,432	387,342	37,260,612
Community and Economic Development	34,985,406	6,908,481	6,657,566	35,236,321
General Government	5,447,269	3,199	70,614	5,379,854
	<u>\$ 254,179,584</u>	<u>\$ 24,469,911</u>	<u>\$ 13,225,125</u>	<u>\$ 265,424,370</u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Cedar Falls, Iowa
Statistical Section**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

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Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Cedar Falls, Iowa
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 100,850,333	\$ 108,359,511	\$ 113,859,357	\$ 118,688,310
Restricted	16,688,108	17,167,913	18,571,430	20,491,013
Unrestricted	36,568,953	37,686,372	42,994,411	45,657,412
Total governmental activities net position	<u>\$ 154,107,394</u>	<u>\$ 163,213,796</u>	<u>\$ 175,425,198</u>	<u>\$ 184,836,735</u>
Business-type activities				
Net investment in capital assets	\$ 28,566,202	\$ 30,991,450	\$ 36,487,852	\$ 41,521,531
Restricted	808,500	808,500	808,500	449,500
Unrestricted	6,179,451	6,285,467	5,569,366	4,018,315
Total business-type activities net position	<u>\$ 35,554,153</u>	<u>\$ 38,085,417</u>	<u>\$ 42,865,718</u>	<u>\$ 45,989,346</u>
Primary government				
Net investment in capital assets	\$ 129,416,535	\$ 139,350,961	\$ 150,347,209	\$ 160,209,841
Restricted	17,496,608	17,976,413	19,379,930	20,940,513
Unrestricted	42,748,404	43,971,839	48,563,777	49,675,727
Total primary government net position	<u>\$ 189,661,547</u>	<u>\$ 201,299,213</u>	<u>\$ 218,290,916</u>	<u>\$ 230,826,081</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 123,367,386	\$ 131,237,132	\$ 145,480,365	\$ 151,130,097	\$ 155,314,591	\$ 162,409,906
21,421,340	22,341,338	24,090,200	24,405,828	24,150,307	25,300,988
48,697,813	52,747,528	50,939,288	50,704,056	54,888,657	57,227,282
<u>\$ 193,486,539</u>	<u>\$ 206,325,998</u>	<u>\$ 220,509,853</u>	<u>\$ 226,239,981</u>	<u>\$ 234,353,555</u>	<u>\$ 244,938,176</u>
\$ 44,414,522	\$ 46,273,076	\$ 52,510,319	\$ 70,328,202	\$ 79,677,940	\$ 77,467,033
449,500	9,500	9,500	9,500	9,500	9,500
4,522,038	4,887,575	6,728,884	(76,329)	(5,621,533)	(4,218,827)
<u>\$ 49,386,060</u>	<u>\$ 51,170,151</u>	<u>\$ 59,248,703</u>	<u>\$ 70,261,373</u>	<u>\$ 74,065,907</u>	<u>\$ 73,257,706</u>
\$ 167,781,908	\$ 177,510,208	\$ 197,990,684	\$ 221,458,299	\$ 234,992,531	\$ 239,876,939
21,870,840	22,350,838	24,099,700	24,415,328	24,159,807	25,310,488
53,219,851	57,635,103	57,668,172	50,627,727	49,267,124	53,008,455
<u>\$ 242,872,599</u>	<u>\$ 257,496,149</u>	<u>\$ 279,758,556</u>	<u>\$ 296,501,354</u>	<u>\$ 308,419,462</u>	<u>\$ 318,195,882</u>

City of Cedar Falls, Iowa
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Page 1 of 2)

	Fiscal Year		
	2005	2006	2007
Expenses			
Governmental activities:			
Public safety	\$ 6,786,083	\$ 6,920,986	\$ 6,602,108
Public works	8,121,486	9,291,307	9,390,405
Health and social services	261,476	325,479	147,007
Culture and recreation	5,350,058	5,911,073	5,894,494
Community and economic development	3,345,487	4,353,658	4,341,611
General government	3,751,183	3,972,891	3,918,550
Debt service	960,961	968,298	930,278
Total governmental activities expenses	<u>28,576,734</u>	<u>31,743,692</u>	<u>31,224,453</u>
Business-type activities:			
Sewer	2,777,820	3,212,254	3,359,111
Refuse	2,176,174	1,797,655	2,011,573
Storm Water	--	--	619,192
Total business-type activities expenses	<u>4,953,994</u>	<u>5,009,909</u>	<u>5,989,876</u>
Total primary government expenses	<u>\$ 33,530,728</u>	<u>\$ 36,753,601</u>	<u>\$ 37,214,329</u>
Program Revenues			
Governmental activities:			
Charges for services:			
Public Safety	\$ 602,800	\$ 715,066	\$ 567,948
Public Works	209,424	344,199	282,146
Culture and Recreation	1,550,008	1,841,570	2,024,082
General Government	1,242,703	1,323,816	1,165,048
Operating grants and contributions	3,143,285	2,533,024	2,461,032
Capital grants and contributions	2,759,995	3,622,803	4,922,588
Total governmental activities program revenues	<u>9,508,215</u>	<u>10,380,478</u>	<u>11,422,844</u>
Business-type activities:			
Charges for services:			
Sewer	3,777,236	3,862,562	3,794,631
Refuse	2,460,525	2,576,395	2,746,393
Storm Water	--	--	731,844
Capital grants and contributions: sewer and storm water	820,264	1,553,151	3,221,140
Total business-type activities program revenues	<u>7,058,025</u>	<u>7,992,108</u>	<u>10,494,008</u>
Total primary government program revenues	<u>\$ 16,566,240</u>	<u>\$ 18,372,586</u>	<u>\$ 21,916,852</u>
Net (Expense)/Revenues			
Governmental activities	(19,068,519)	(21,363,214)	(19,801,609)
Business-type activities	2,104,031	2,982,199	4,504,132
Total primary government net expense	<u>\$ (16,964,488)</u>	<u>\$ (18,381,015)</u>	<u>\$ (15,297,477)</u>

Fiscal Year

2008	2009	2010	2011	2012	2013	2014
\$ 8,065,013	\$ 7,192,846	\$ 7,725,740	\$ 8,625,520	\$ 8,462,143	\$ 9,491,677	\$ 9,293,710
9,696,327	13,938,703	10,699,831	10,949,200	12,971,278	11,909,568	12,086,420
234,124	310,365	164,836	326,666	316,339	320,864	166,764
6,736,108	6,836,437	6,864,804	7,104,212	7,098,908	7,262,110	7,135,841
4,346,385	5,677,705	7,019,195	7,291,549	7,815,848	8,357,058	5,134,158
4,244,545	4,619,221	4,797,762	4,493,885	4,333,403	4,890,409	4,684,649
831,315	754,989	741,933	551,543	452,378	228,173	183,339
<u>34,153,817</u>	<u>39,330,266</u>	<u>38,014,101</u>	<u>39,342,575</u>	<u>41,450,297</u>	<u>42,459,859</u>	<u>38,684,881</u>
3,009,639	3,178,354	3,187,378	3,223,476	3,336,990	3,617,688	3,971,854
2,142,679	2,355,999	2,410,813	2,537,735	2,492,305	2,770,264	2,960,082
652,999	620,460	732,218	693,075	722,991	728,713	835,029
<u>5,805,317</u>	<u>6,154,813</u>	<u>6,330,409</u>	<u>6,454,286</u>	<u>6,552,286</u>	<u>7,116,665</u>	<u>7,766,965</u>
<u>\$ 39,959,134</u>	<u>\$ 45,485,079</u>	<u>\$ 44,344,510</u>	<u>\$ 45,796,861</u>	<u>\$ 48,002,583</u>	<u>\$ 49,576,524</u>	<u>\$ 46,451,846</u>
\$ 534,722	\$ 538,398	\$ 597,348	\$ 661,784	\$ 748,246	\$ 673,860	\$ 661,382
249,903	259,569	240,997	217,172	199,648	204,592	179,494
2,028,869	2,184,620	2,170,036	2,206,722	2,469,465	2,400,747	2,518,347
1,466,523	1,191,151	1,587,244	1,588,066	1,682,397	1,632,567	1,773,501
2,365,608	2,153,921	1,606,798	2,360,697	1,695,117	2,098,639	1,818,312
4,395,714	7,183,972	8,928,178	15,073,637	11,529,905	6,479,932	3,576,733
<u>11,041,339</u>	<u>13,511,631</u>	<u>15,130,601</u>	<u>22,108,078</u>	<u>18,324,778</u>	<u>13,490,337</u>	<u>10,527,769</u>
3,775,728	3,999,239	4,015,527	4,138,346	4,313,923	4,574,181	4,837,116
2,833,449	3,148,295	3,186,384	3,318,008	3,328,306	2,996,396	3,139,016
780,666	780,837	787,942	806,364	826,986	890,893	831,083
333,950	983,243	128,795	460,559	140,450	577,411	689,285
<u>7,723,793</u>	<u>8,911,614</u>	<u>8,118,648</u>	<u>8,723,277</u>	<u>8,609,665</u>	<u>9,038,881</u>	<u>9,496,500</u>
<u>\$ 18,765,132</u>	<u>\$ 22,423,245</u>	<u>\$ 23,249,249</u>	<u>\$ 30,831,355</u>	<u>\$ 26,934,443</u>	<u>\$ 22,529,218</u>	<u>\$ 20,024,269</u>
(23,112,478)	(25,818,635)	(22,883,500)	(17,234,497)	(23,125,519)	(28,969,522)	(28,157,112)
1,918,476	2,756,801	1,788,239	2,268,991	2,057,379	1,922,216	1,729,535
<u>\$ (21,194,002)</u>	<u>\$ (23,061,834)</u>	<u>\$ (21,095,261)</u>	<u>\$ (14,965,506)</u>	<u>\$ (21,068,140)</u>	<u>\$ (27,047,306)</u>	<u>\$ (26,427,577)</u>

(continued)

City of Cedar Falls, Iowa
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)
(Page 2 of 2)

	Fiscal Year		
	2005	2006	2007
General Revenues and Other Changes in Net Position			
Governmental activities:			
General revenues:			
Property taxes and assessments	\$ 16,034,121	\$ 17,163,242	\$ 18,931,378
Other city taxes	4,349,790	4,709,758	4,582,479
Use of money and property	1,874,497	2,425,140	2,924,080
Intergovernmental	3,809,479	3,527,541	3,551,695
Miscellaneous	207,661	491,847	474,249
Gain on sale of assets	65,215	--	--
Utility contribution in lieu of taxes	1,400,000	1,400,000	1,400,000
Transfers	556,462	752,088	149,130
Total governmental activities	<u>28,297,225</u>	<u>30,469,616</u>	<u>32,013,011</u>
Business-type activities:			
General revenues:			
Property taxes and assessments	149	--	1,287
Use of money and property	212,962	301,153	424,012
Intergovernmental	--	--	--
Transfers	(556,462)	(752,088)	(149,130)
Total business-type activities	<u>(343,351)</u>	<u>(450,935)</u>	<u>276,169</u>
Total primary government	<u>\$ 27,953,874</u>	<u>\$ 30,018,681</u>	<u>\$ 32,289,180</u>
Change in Net Position			
Governmental activities	\$ 9,228,706	\$ 9,106,402	\$ 12,211,402
Business-type activities	1,760,680	2,531,264	4,780,301
Total primary government	<u>\$ 10,989,386</u>	<u>\$ 11,637,666</u>	<u>\$ 16,991,703</u>

(continued)

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 19,468,413	\$ 20,994,332	\$ 22,066,237	\$ 23,378,676	\$ 23,802,124	\$ 24,695,940	\$ 21,248,529
5,060,324	5,308,296	5,022,500	5,291,546	5,754,706	5,544,604	6,036,891
2,868,337	2,421,181	1,640,456	1,344,936	1,275,402	1,268,202	1,120,041
3,728,669	3,693,255	4,258,253	4,269,954	4,296,073	4,405,345	4,545,694
850,716	965,194	1,127,964	1,324,189	1,014,890	1,375,437	1,389,109
--	--	--	5,668	6,606	--	--
1,400,000	1,500,000	1,524,990	1,575,010	1,625,000	1,637,000	1,725,000
(852,444)	(413,819)	82,559	(5,771,627)	(8,919,154)	(1,843,432)	2,676,469
<u>32,524,015</u>	<u>34,468,439</u>	<u>35,722,959</u>	<u>31,418,352</u>	<u>28,855,647</u>	<u>37,083,096</u>	<u>38,741,733</u>
1,609	1,961	1,748	--	--	--	--
351,099	224,133	76,663	37,934	36,137	38,886	44,547
--	--	--	--	--	--	94,186
852,444	413,819	(82,559)	5,771,627	8,919,154	1,843,432	(2,676,469)
1,205,152	639,913	(4,148)	5,809,561	8,955,291	1,882,318	(2,537,736)
<u>\$ 33,729,167</u>	<u>\$ 35,108,352</u>	<u>\$ 35,718,811</u>	<u>\$ 37,227,913</u>	<u>\$ 37,810,938</u>	<u>\$ 38,965,414</u>	<u>\$ 36,203,997</u>
\$ 9,411,537	\$ 8,649,804	\$ 12,839,459	\$ 14,183,855	\$ 5,730,128	\$ 8,113,574	\$ 10,584,621
3,123,628	3,396,714	1,784,091	8,078,552	11,012,670	3,804,534	(808,201)
<u>\$ 12,535,165</u>	<u>\$ 12,046,518</u>	<u>\$ 14,623,550</u>	<u>\$ 22,262,407</u>	<u>\$ 16,742,798</u>	<u>\$ 11,918,108</u>	<u>\$ 9,776,420</u>

City of Cedar Falls, Iowa
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable	\$ 86,234	\$ 119,589	\$ 147,220	\$ 131,466
Assigned	841,776	695,321	1,196,550	1,122,010
Unassigned	5,447,124	6,251,432	6,221,822	6,291,771
Total general fund	<u>\$ 6,375,134</u>	<u>\$ 7,066,342</u>	<u>\$ 7,565,592</u>	<u>\$ 7,545,247</u>
All Other Governmental Funds				
Nonspendable	\$ 140,490	\$ 138,443	\$ 151,510	\$ 83,341
Restricted	22,712,063	24,404,192	24,333,854	27,182,248
Committed	12,689,217	13,199,514	13,069,761	13,723,684
Assigned	8,982,080	7,020,781	9,382,350	9,700,146
Unassigned	(509,690)	(598,988)	(701,932)	(358,297)
Total all other governmental funds	<u>\$ 44,014,160</u>	<u>\$ 44,163,942</u>	<u>\$ 46,235,543</u>	<u>\$ 50,331,122</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 132,803	\$ 178,147	\$ 181,341	\$ 180,689	\$ 241,612	\$ 195,196
1,246,712	1,620,436	1,445,007	1,722,948	1,817,084	2,205,244
6,473,074	6,489,104	6,498,932	7,045,817	6,978,807	7,333,349
<u>\$ 7,852,589</u>	<u>\$ 8,287,687</u>	<u>\$ 8,125,280</u>	<u>\$ 8,949,454</u>	<u>\$ 9,037,503</u>	<u>\$ 9,733,789</u>
\$ 84,791	\$ 126,255	\$ 201,205	\$ 256,912	\$ 306,613	\$ 257,741
25,967,407	26,841,011	27,037,209	25,892,197	25,435,109	26,920,959
14,395,783	15,163,647	15,697,718	16,145,534	16,551,115	17,029,200
9,526,406	11,201,701	10,758,664	12,916,571	14,559,803	19,036,386
(186,530)	(1,740,555)	(2,840,288)	(4,343,889)	(1,193,291)	(5,580,797)
<u>\$ 49,787,857</u>	<u>\$ 51,592,059</u>	<u>\$ 50,854,508</u>	<u>\$ 50,867,325</u>	<u>\$ 55,659,349</u>	<u>\$ 57,663,489</u>

City of Cedar Falls, Iowa
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Property taxes and assessments	\$ 16,033,558	\$ 17,186,164	\$ 18,931,049	\$ 19,459,594
Other city taxes	4,210,658	4,712,426	4,564,009	5,032,798
Licenses and permits	923,727	982,954	785,116	1,031,667
Use of money and property	1,874,497	2,425,140	2,924,080	2,868,337
Intergovernmental	6,457,295	6,834,840	7,047,600	9,153,104
Charges for services	2,244,467	2,589,376	2,787,909	2,827,076
Fines and forfeitures	436,741	652,321	466,199	421,274
Miscellaneous	975,478	437,966	648,118	803,161
Utility contribution in lieu of taxes	1,400,000	1,400,000	1,400,000	1,400,000
Total revenues	<u>\$ 34,556,421</u>	<u>\$ 37,221,187</u>	<u>\$ 39,554,080</u>	<u>\$ 42,997,011</u>
Expenditures:				
Current:				
Public safety	\$ 6,692,528	\$ 7,173,967	\$ 7,373,826	\$ 7,996,188
Public works	7,364,214	7,595,353	7,928,949	7,282,523
Health and social services	135,160	199,164	838,185	87,286
Culture and recreation	4,756,551	5,277,687	5,330,482	5,536,483
Community and economic development	2,523,565	2,384,359	2,345,866	2,529,313
General government	3,455,372	3,814,373	3,929,548	4,168,161
Debt service				
Principal	3,408,713	2,920,000	3,040,000	2,850,000
Interest	1,029,414	937,274	916,414	806,181
Capital projects	8,257,673	9,612,287	5,392,998	9,857,325
Total expenditures	<u>\$ 37,623,190</u>	<u>\$ 39,914,464</u>	<u>\$ 37,096,268</u>	<u>\$ 41,113,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,066,769)</u>	<u>\$ (2,693,277)</u>	<u>\$ 2,457,812</u>	<u>\$ 1,883,551</u>
Other financing sources (uses):				
Issuance of long-term debt	\$ 5,450,000	\$ 2,835,000	\$ --	\$ 4,820,000
Premium on long-term debt	--	--	--	--
Issuance of refunding debt	--	5,650,000	--	(1,645,000)
Discount on long-term debt	(17,594)	(43,274)	--	(30,125)
Land contract	--	--	--	--
Payments on refunding bonds	--	(5,650,000)	--	--
Transfers in	7,349,861	5,999,757	5,914,848	8,358,264
Transfers out	(6,824,892)	(5,288,524)	(5,842,507)	(9,227,533)
Total other financing sources (uses)	<u>\$ 5,957,375</u>	<u>\$ 3,502,959</u>	<u>\$ 72,341</u>	<u>\$ 2,275,606</u>
Net change in fund balances	<u>\$ 2,890,606</u>	<u>\$ 809,682</u>	<u>\$ 2,530,153</u>	<u>\$ 4,159,157</u>
Debt service as a percentage of noncapital expenditures	16.9%	13.8%	14.6%	11.4%

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 20,994,332	\$ 22,066,237	\$ 23,378,676	\$ 23,766,846	\$ 24,696,783	\$ 21,244,190
5,338,098	5,029,677	5,282,406	5,755,920	5,519,022	5,995,505
767,938	1,106,716	1,093,024	1,162,401	1,076,186	1,197,723
2,421,181	1,640,456	1,344,936	1,275,402	1,268,202	1,120,040
10,189,992	12,351,723	21,764,416	18,920,930	12,599,954	8,688,760
2,969,223	3,115,157	3,179,755	3,507,339	3,386,415	3,542,072
436,578	373,752	400,965	430,016	449,165	392,928
994,537	1,057,446	1,370,497	1,052,265	1,358,192	1,400,551
1,500,000	1,524,990	1,575,010	1,625,000	1,637,000	1,725,000
<u>\$ 45,611,879</u>	<u>\$ 48,266,154</u>	<u>\$ 59,389,685</u>	<u>\$ 57,496,119</u>	<u>\$ 51,990,919</u>	<u>\$ 45,306,769</u>
\$ 7,551,507	\$ 7,922,903	\$ 8,155,206	\$ 8,375,158	\$ 8,999,942	\$ 9,188,529
7,783,897	8,816,278	9,027,992	10,810,336	10,089,252	9,325,749
163,528	87,304	178,084	167,759	172,284	18,184
6,065,698	6,076,258	6,557,554	6,410,049	6,449,626	6,130,462
2,253,049	2,291,861	2,602,604	2,447,212	2,646,490	2,351,253
4,381,790	4,613,684	4,316,949	4,775,981	4,684,063	4,592,138
2,910,000	2,930,000	3,235,000	3,415,000	2,685,000	2,775,000
739,841	728,057	596,048	503,383	271,009	216,208
13,486,565	16,357,586	20,000,053	11,390,660	9,544,629	10,593,247
<u>\$ 45,335,875</u>	<u>\$ 49,823,931</u>	<u>\$ 54,669,490</u>	<u>\$ 48,295,538</u>	<u>\$ 45,542,295</u>	<u>\$ 45,190,770</u>
<u>\$ 276,004</u>	<u>\$ (1,557,777)</u>	<u>\$ 4,720,195</u>	<u>\$ 9,200,581</u>	<u>\$ 6,448,624</u>	<u>\$ 115,999</u>
\$ --	\$ 3,440,000	\$ --	\$ --	\$ --	\$ --
--	227,162	--	--	--	--
--	5,135,000	--	3,320,000	--	--
--	(28,724)	--	(8,300)	--	--
--	--	--	--	--	--
--	(5,325,000)	--	(3,285,000)	--	--
10,291,922	11,017,106	9,806,376	11,275,219	13,297,694	12,547,589
(10,806,635)	(10,755,275)	(15,504,674)	(19,720,563)	(14,976,869)	(9,867,874)
<u>\$ (514,713)</u>	<u>\$ 3,710,269</u>	<u>\$ (5,698,298)</u>	<u>\$ (8,418,644)</u>	<u>\$ (1,679,175)</u>	<u>\$ 2,679,715</u>
<u>\$ (238,709)</u>	<u>\$ 2,152,492</u>	<u>\$ (978,103)</u>	<u>\$ 781,937</u>	<u>\$ 4,769,449</u>	<u>\$ 2,795,714</u>
10.1%	10.3%	10.7%	10.2%	8.0%	8.9%

City of Cedar Falls, Iowa
Assessed and Taxable Value of Property
Last Ten Fiscal Years
(Unaudited)

Levy Year	For Fiscal Year Ending June 30,	Real and Personal Property			
		Regular		Agricultural Land	
		Taxable Value	Assessed Value	Taxable Value	Assessed Value
2004	2005	\$ 903,439,479	\$ 1,668,483,277	\$ 5,418,730	\$ 5,418,730
2005	2006	920,739,030	1,732,108,902	5,347,650	5,347,650
2006	2007	985,250,869	1,925,987,344	5,771,140	5,771,140
2007	2008	1,018,530,684	2,008,358,826	5,453,530	5,453,530
2008	2009	1,098,295,277	2,246,385,815	5,438,677	6,036,110
2009	2010	1,150,078,051	2,330,760,155	5,525,128	5,886,760
2010	2011	1,185,969,161	2,393,911,221	5,381,329	8,196,740
2011	2012	1,254,821,347	2,450,027,899	5,572,605	8,292,560
2012	2013	1,393,511,204	2,608,407,333	5,671,067	9,912,510
2013	2014	1,622,862,335	2,640,558,870	5,918,449	9,875,030

Source: Black Hawk County Auditor's Office.

Note: Property in the city is reassessed every other year. Tax rates are per \$1,000 of assessed value.

Total		Total Taxable Value as a Percentage of Assessed Value		Total Direct Tax Rate
Taxable Value	Assessed Value			
\$ 908,858,209	\$ 1,673,902,007	54.30 %		\$ 13.65325
926,086,680	1,737,456,552	53.30		14.05084
991,022,009	1,931,758,484	51.30		13.84420
1,023,984,214	2,013,812,356	50.85		13.60793
1,103,733,954	2,252,421,925	49.00		13.26327
1,155,603,179	2,336,646,915	49.46		13.02110
1,191,350,490	2,402,107,961	49.60		12.99252
1,260,393,952	2,458,320,459	51.27		12.86369
1,399,182,271	2,618,319,843	53.44		12.20300
1,628,780,784	2,650,433,900	61.45		12.02123

City of Cedar Falls, Iowa
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	City of Cedar Falls			Overlapping Rates		
				Black Hawk County		Total County Millage
	Operating Millage	Debt Service	Total City Millage	Operating Millage	Debt Service	
2005	\$ 11.85492	\$ 1.79833	\$ 13.65325	\$ 6.90953	\$ 0.58284	\$ 7.49237
2006	12.39156	1.65928	14.05084	7.04780	0.56052	7.60832
2007	12.51746	1.32674	13.84420	6.83182	0.55784	7.38966
2008	12.41427	1.19366	13.60793	6.82613	0.58407	7.41020
2009	11.94886	1.31441	13.26327	6.35616	0.57975	6.93591
2010	11.82625	1.19485	13.02110	6.12831	0.57689	6.70520
2011	11.81700	1.17552	12.99252	6.22972	0.44212	6.67184
2012	11.79924	1.06445	12.86369	5.92415	0.67322	6.59737
2013	11.68479	0.51821	12.20300	5.59849	0.64144	6.23993
2014	11.45923	0.56200	12.02123	5.39234	0.62882	6.02116

Source: Department of Management website

Note: The city's general fund maximum property tax rate may only be \$8.10 per \$1,000 of valuation. The remaining portion of the operating rate and the rate for debt service are set based on each year's requirements.

Overlapping Rates					
Schools					
Operating Millage	Debt Service	Total School Millage	Other	Total	
\$ 13.00577	\$ --	\$ 13.00577	\$ 1.36743	\$ 35.51882	
13.02846	--	13.02846	1.42197	36.10959	
13.02447	--	13.02447	1.34392	35.60225	
13.13283	--	13.13283	1.18405	35.33501	
13.73251	--	13.73251	1.36422	35.29591	
13.73228	--	13.73228	1.33721	34.79579	
14.15215	--	14.15215	1.38794	35.20445	
13.78651	--	13.78651	1.28109	34.52866	
13.37802	--	13.37802	1.3377	33.15865	
12.82531	--	12.82531	1.3695	32.23720	

**City of Cedar Falls, Iowa
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2005		
	Assessed Valuation for Fiscal Year 2004 - 2005	Rank	Percentage of Total Assessed Valuation
Target Corporation	\$ 41,844,280	1	2.50 %
College Square Mall Assoc. LLC	35,971,940	2	2.15
Walmart Re Business Trust	9,607,930	5	0.57
Menard, Inc.	--	--	--
WB CF Assoc LTD Partners	8,265,850	8	0.49
Twenty Seventh Street Assoc, LLC	8,369,700	7	0.50
Panther Development, LLC	--	--	--
Martin Realty Company, LLC	--	--	--
Standard Distribution Co.	--	--	--
R and N Investments	12,391,090	4	0.74
Panther Development, LLC	12,641,660	3	0.76
Cedar Properties	6,806,060	10	0.41
Cedar Falls Investments, LLC	8,390,250	6	0.50
Davenport Farm and Fleet, Inc.	6,883,140	9	0.41
	<u>\$ 151,171,900</u>		<u>9.03 %</u>

Source: Black Hawk County Auditor's Office

2014

Assessed Valuation for Fiscal Year 2013 - 2014	Rank	Percentage of Total Assessed Valuation
\$ 76,821,060	1	2.90 %
29,955,310	2	1.13
13,574,740	3	0.51
12,752,590	4	0.48
12,738,950	5	0.48
11,533,470	6	0.44
10,868,740	7	0.41
10,598,780	8	0.40
10,528,120	9	0.40
10,459,340	10	0.39
--	--	--
--	--	--
--	--	--
--	--	--
\$ 199,831,100		7.71 %

City of Cedar Falls, Iowa
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Levy Year	For Fiscal Year Ending June 30,	Total Tax Levy	Current Tax Collection	Percentage of Current Taxes Collected	Delinquent Tax Collections
2004	2005	\$ 12,646,619	\$ 12,643,423	99.97 %	\$ --
2005	2006	13,267,496	13,396,021	100.97	1,479
2006	2007	13,963,307	14,007,852	100.32	108
2007	2008	14,161,581	14,114,301	99.67	6,972
2008	2009	14,989,920	14,915,373	99.50	1,464
2009	2010	15,398,267	15,370,354	99.82	2,009
2010	2011	15,871,931	15,850,623	99.87	7,350
2011	2012	16,552,835	16,576,996	100.15	15,223
2012	2013	17,287,168	17,091,764	98.87	3,967
2013	2014	19,694,615	19,537,939	99.20	16,281

Source: Black Hawk County Auditor's Office.

Total Tax Collections	Total Tax Collections as a Percentage of Total Tax Levy	Outstanding Delinquent Taxes	Delinquent Taxes as a Percentage of Total Tax Levy
\$ 12,643,423	99.97 %	\$ 84,230	0.67 %
13,397,500	100.98	56,511	0.43
14,007,960	100.32	48,550	0.35
14,121,273	99.72	47,296	0.33
14,916,837	99.51	45,039	0.30
15,372,363	99.83	39,266	0.26
15,857,973	99.91	38,380	0.24
16,592,219	100.24	22,693	0.14
17,095,731	98.89	25,924	0.15
19,554,220	99.29	14,435	0.07

City of Cedar Falls, Iowa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Obligation Bonds	Tax Increment		General Obligation Bonds	Revenue Debt
		Financing Bonds General Obligation	General Obligation Capital Loan Note		
2005	\$ 16,115,000	\$ 7,225,000	--	\$ 2,160,000	\$ 4,075,000
2006	16,860,000	6,395,000	--	2,980,000	3,420,000
2007	14,670,000	5,545,000	--	2,270,000	2,740,000
2008	11,055,000	4,665,000	4,820,000	5,825,000	1,005,000
2009	9,435,000	3,760,000	4,435,000	5,285,000	765,000
2010	5,360,000	2,865,000	9,725,000	4,735,000	--
2011	4,340,000	2,015,000	8,360,000	4,160,000	--
2012	--	1,125,000	10,210,000	2,755,000	210,640
2013	--	575,000	8,075,000	2,335,000	210,640
2014	--	--	5,875,000	1,900,000	6,744,000

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Population and personal income data can be found on page 138.

Business-Type Activities

<u>Capital Loans</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
\$	-- \$ 29,575,000	2.95 %	\$ 813
	-- 29,655,000	2.60	814
	-- 25,225,000	2.15	692
	-- 27,370,000	2.15	728
	-- 23,680,000	1.89	619
	-- 22,685,000	1.66	588
	-- 18,875,000	1.32	481
820,000	15,120,640	1.04	385
625,000	11,820,640	0.77	301
425,000	14,944,000	0.92	381

City of Cedar Falls, Iowa
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Taxable Value of Property</u>	<u>Percentage Taxable Value of Property</u>	<u>Assessed Value of Property</u>
2005	\$ 25,500,000	\$ 908,858,209	2.81 %	\$ 1,673,902,007
2006	26,235,000	926,086,680	2.83	1,737,456,552
2007	22,485,000	991,022,009	2.27	1,931,758,484
2008	26,365,000	1,023,984,214	2.57	2,013,812,356
2009	22,915,000	1,103,733,954	2.08	2,252,421,925
2010	22,685,000	1,155,603,179	1.96	2,336,646,915
2011	18,875,000	1,191,350,490	1.58	2,402,107,961
2012	14,090,000	1,260,393,952	1.12	2,458,320,459
2013	10,985,000	1,399,182,271	0.79	2,618,319,843
2014	7,775,000	1,628,780,784	0.48	2,650,433,900

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Includes only general obligation debt supported by property tax dollars.

<u>Percentage Assessed Value of Property</u>	<u>Per Capita</u>
1.52 %	\$ 700.93
1.51	720.41
1.16	617.23
1.31	701.51
1.02	599.01
0.97	588.33
0.79	480.77
0.57	358.89
0.42	279.80
0.29	198.04

City of Cedar Falls, Iowa
Direct and Overlapping Debt
As of June 30, 2014

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City ¹</u>	<u>Amount Applicable to Government</u>
Direct, City of Cedar Falls, Iowa	\$ <u>5,875,000</u>	100.00 %	\$ <u>5,875,000</u>
Overlapping:			
Black Hawk County	\$ 40,495,000	32.04	\$ 12,974,598
Cedar Falls Public School District	--	--	--
Area VII Hawkeye Community College	<u>2,000,000</u>	18.95	<u>379,000</u>
Total Overlapping	\$ <u>42,495,000</u>		\$ <u>13,353,598</u>
Total	\$ <u><u>48,370,000</u></u>		\$ <u><u>19,228,598</u></u>

Source: Black Hawk County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cedar Falls. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹. The percentage of overlapping debt applicable is estimated using net taxable property values. Applicable percentages were estimated by determining the portion of the County's net value that is within the government's boundaries and dividing it by the county's total value.

**City of Cedar Falls, Iowa
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$ 83,695,100	\$ 86,872,828	\$ 96,587,924	\$ 100,807,511	\$ 114,324,931
Total net debt applicable to limit	28,260,000	28,660,000	24,555,000	28,070,000	24,235,000
Legal debt margin	<u>\$ 55,435,100</u>	<u>\$ 58,212,828</u>	<u>\$ 72,032,924</u>	<u>\$ 72,737,511</u>	<u>\$ 90,089,931</u>
Total net debt applicable to the limit as a percentage of of debt limit	33.77%	32.99%	25.42%	27.85%	21.20%

Note: Under Iowa code, the city's outstanding general obligation debt should not exceed 5 percent of total assessed property value.

2010	2011	2012	2013	2014
\$ 118,846,750	\$ 122,094,381	\$ 125,016,901	\$ 132,967,511	\$ 134,876,517
25,005,000	20,770,000	16,660,000	13,205,000	9,640,000
<u>\$ 93,841,750</u>	<u>\$ 101,324,381</u>	<u>\$ 108,356,901</u>	<u>\$ 119,762,511</u>	<u>\$ 125,236,517</u>

21.04% 17.01% 13.33% 9.93% 7.15%

Legal Debt Margin Calculation for Fiscal Year 2014

Estimated actual valuation	<u>\$ 2,697,530,340</u>
Debt limit - 5% of total actual valuation	\$ 134,876,517
Debt applicable to debt limit:	
General obligation bonds	8,200,000
General obligation bonds - component unit	<u>1,440,000</u>
Legal debt margin	<u>\$ 125,236,517</u>

**City of Cedar Falls, Iowa
Revenue Bond Coverage
Sewer Authority
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Less: Operating Expenses ¹</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements ²</u>	
				<u>Principal</u>	<u>Interest</u>
2005	\$ 3,943,396	\$ 1,622,886	\$ 2,320,510	\$ 630,000	\$ 212,068
2006	4,118,235	2,021,641	2,096,594	655,000	175,227
2007	4,157,338	2,350,397	1,806,941	680,000	146,788
2008	4,070,619	1,977,204	2,093,415	1,735,000	116,368
2009	4,169,965	2,077,587	2,092,378	240,000	28,583
2010	4,066,110	2,076,689	1,989,421	765,000	22,103
2011	4,162,150	2,113,283	2,048,867	--	--
2012	4,333,859	1,902,799	2,431,060	--	5,108
2013	4,596,372	2,254,091	2,342,281	--	6,319
2014	4,859,057	2,364,332	2,494,725	254,104	83,016

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ Net of depreciation, interest, and debt service transfers.

² Includes principal and interest of revenue bonds only.

Debt Service
Requirements²

	<u>Total</u>	<u>Coverage</u>
\$	842,068	2.76
	830,227	2.53
	826,788	2.19
	1,851,368	1.13
	268,583	7.79
	787,103	2.53
	--	--
	5,108	475.93
	6,319	370.67
	337,120	7.40

City of Cedar Falls, Iowa
Sales History and Total Sewer Charges
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water Sales (CCF)</u>	<u>Sewer Charges</u>
2004 - 05	1,700,179	\$ 3,603,778
2005 - 06	1,737,946	3,644,514
2006 - 07	1,695,516	3,694,725
2007 - 08	1,765,541	4,492,230
2008 - 09	1,873,290	4,666,695
2009 - 10	1,523,683	4,665,753
2010 - 11	1,664,689	4,735,783
2011 - 12	1,750,015	4,953,584
2012 - 13	1,826,789	5,238,056
2013 - 14	1,759,171	5,501,090

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa
Water Meter by Rate Class
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Government</u>	<u>Other</u>	<u>Total</u>
2005	10,764	909	37	177	3	11,890
2006	11,057	936	35	183	3	12,214
2007	11,237	955	35	190	3	12,420
2008	11,445	983	38	195	3	12,664
2009	11,258	972	35	197	3	12,465
2010	11,529	984	34	196	3	12,746
2011	11,814	991	33	200	3	13,041
2012	11,957	995	33	208	3	13,196
2013	12,328	1,002	32	211	3	13,576
2014	12,313	1,024	33	213	3	13,586

Source: Cedar Falls Utilities

**City of Cedar Falls, Iowa
Largest Sewer Customers
Fiscal Year 2014**

<u>Customer</u>		<u>Water Sales (CCF)</u>	<u>Percent of Total Water Sales</u>		<u>Sewer Charges</u>	<u>Percent of Total Sewer Charges</u>
University of Northern Iowa	1	100,159	5.69 %	\$	277,186	5.04 %
Western Home Communities	2	23,527	1.34		99,809	1.81
Country Terrace MHP LLC-700 W Ridgeway	3	22,103	1.26		94,333	1.71
Nazareth Lutheran Church	4	32,266	1.83		75,398	1.37
Target Corporation	5	13,166	0.75		50,924	0.93
Gold Falls Villa Apts.	6	8,312	0.47		49,819	0.91
Metokote Corporation	7	16,767	0.95		39,894	0.73
Clark Enterprises LLC	8	6,198	0.35		39,399	0.72
CF Schools	9	10,692	0.61		33,735	0.61
Newaldaya Lifescapes	10	8,812	0.50		32,550	0.59
College Square Apts II	11	5,549	0.32		28,568	0.52
CF City Hall	12	4,751	0.27		22,196	0.40

Total 2014 CCF	1,759,171
Total 2014 Sewer Billings	\$5,501,090

Source: Cedar Falls Utilities, Finance Dept. special IS report

**City of Cedar Falls, Iowa
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income¹</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2005	36,380	\$ 1,001,577,780	\$ 27,531	25.7	4,393	3.7
2006	36,417	1,140,981,027	31,331	25.7	4,435	2.9
2007	36,429	1,174,398,102	32,238	25.7	4,502	2.3
2008	37,583	1,271,771,137	33,839	25.7	4,501	2.6
2009	38,255	1,251,129,775	32,705	25.7	4,515	3.2
2010	38,558	1,365,261,664	35,408	25.4	4,678	4.2
2011	39,260	1,428,121,760	36,376	26.8	4,645	5.9
2012	39,260	1,448,811,780	36,903	26.8	5,068	3.8
2013	39,260	1,538,795,700	39,195	26.8	5,121	3.5
2014	39,260	1,622,969,140	41,339	26.8	5,151	3.1

Sources: Population provided by the US Census Bureau. School enrollment is supplied by the Cedar Falls Board of Education. Unemployment data provided by the Iowa Workforce.

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

¹ Per Capita Income is based on Metropolitan Waterloo/Cedar Falls and based on figures from Bureau of Economic Analysis.

**City of Cedar Falls, Iowa
Principal Employers
Current Year and Nine Years Ago**

Employees	2005		
	Number of Employees ¹	Rank	Percentage of Total City Employment
John Deere Product Engineer Center ²	5,500	1	26.64%
University of Northern Iowa	2,400	2	11.63%
Hy-Vee Food Stores ²	--	--	--
Wal-Mart Super Center ²	500	5	2.42%
Cedar Falls Community School District	616	4	2.98%
Area Education Agency 267	--	--	--
Target Distribution	825	3	4.00%
City of Cedar Falls/Municipal Utilities	495	6	2.40%
Viking Pump Inc, Unit of Index Corp.	458	7	2.22%
The Western Home	262	10	1.27%
Sartori Hospital	264	9	1.28%
Martin Brothers Distributing Co., Inc	344	8	1.67%
Total	11,664		56.51%

Source: Official Bond Statements from Public Financial Management, Inc.

¹ Number of employees includes all full-time, part-time and seasonal employees.

² Number of employees includes multiple locations in both Cedar Falls and Waterloo.

2014		
<u>Number of Employees¹</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
4,700	1	19.42%
1,781	2	7.36%
905	3	3.74%
750	4	3.10%
750	5	3.10%
650	6	2.69%
572	7	2.36%
481	8	1.99%
466	9	1.93%
410	10	1.69%
--	--	--
--	--	--
11,465		47.38%

City of Cedar Falls, Iowa
Full-Time Equivalent City Government Employees by Function/Department
Last Ten Fiscal Years

		Full-Time Equivalent Employees as of June 30				
		2005	2006	2007	2008	2009
Public Safety						
Police		49.89	50.89	51.49	51.69	53.44
Fire		34.60	35.60	35.65	35.65	35.65
Inspection Services		6.00	6.50	6.50	6.40	6.40
Public Works						
Streets		24.35	25.35	24.37	24.37	20.56
Parking Meter		3.10	3.10	3.66	3.61	3.61
Engineering		11.60	11.60	11.57	11.42	11.42
Culture and Recreation						
Human & Leisure Administration		2.00	2.25	2.25	2.25	2.25
Cultural Services		8.81	8.81	8.00	8.00	8.00
Library		16.20	16.20	17.53	17.25	17.25
Cemetery		4.60	4.60	4.60	4.60	4.60
Golf		7.15	7.15	5.50	4.70	4.90
Parks		18.68	18.68	18.48	18.90	20.10
Recreation		31.05	31.05	30.88	32.23	33.50
Visitor & Tourism		2.60	2.60	2.90	2.90	3.20
Senior Services		--	--	0.50	0.50	1.23
Community & Economic Development						
Developmental Services Admin.		1.50	1.50	1.50	1.50	1.50
Economic Development		1.85	1.85	1.77	2.10	2.26
Planning Services		3.43	3.43	3.68	3.68	3.68
Block Grant		2.20	2.20	2.17	1.84	1.68
Housing Vouchers		2.50	2.50	1.79	1.79	1.79
Section 8 Housing		--	--	--	--	--
General Government						
Mayor's Office		1.50	1.50	1.50	1.50	1.50
Administrative Services Admin.		1.50	1.50	1.50	1.50	1.50
Financial Services		4.95	4.95	5.95	6.45	6.45
Legal Services		3.00	2.00	3.00	3.00	3.00
Personnel		2.00	2.00	--	--	--
Public Records		3.50	3.50	3.45	3.70	3.70
Cable TV		3.00	4.00	4.30	4.50	4.50
Print Shop		1.00	1.00	1.00	1.00	1.00
Public Buildings		12.11	14.11	14.71	15.25	15.25
Internal Service						
Information Systems		3.00	4.00	4.00	4.00	4.00
Vehicle Maintenance		6.40	6.40	6.10	6.10	6.10
Sewer		16.75	16.88	16.30	16.72	18.38
Refuse		16.80	15.80	17.80	17.80	19.30
Storm Water		--	--	3.25	3.30	3.30
Total		307.62	313.50	317.65	320.20	325.00

Source: City's Financial Plans

Full-Time Equivalent Employees as of June 30

2010	2011	2012	2013	2014
52.69	51.74	50.87	50.77	49.03
35.65	33.80	33.80	35.20	35.83
7.40	7.40	7.40	9.30	8.23
20.56	21.56	22.26	22.06	22.32
3.61	3.61	3.61	3.81	2.14
11.42	11.42	11.42	11.52	10.52
2.25	2.25	2.25	2.25	2.25
8.20	8.48	8.50	8.52	8.37
17.55	17.73	18.56	19.84	20.76
4.60	4.60	4.60	4.60	4.45
5.30	5.00	5.00	5.00	4.93
20.10	20.65	20.65	21.45	17.66
34.26	35.26	35.26	35.26	35.59
3.20	3.20	3.20	3.20	3.18
1.23	0.78	0.78	0.78	0.15
1.50	1.50	1.50	1.50	1.50
2.00	2.00	2.12	2.02	2.09
3.68	3.68	3.68	3.68	3.67
1.69	1.67	1.69	1.79	1.40
1.84	1.87	1.92	1.93	1.49
--	--	--	--	--
1.50	1.50	1.50	1.50	1.10
1.50	1.50	1.50	1.50	1.00
6.45	6.45	6.45	5.95	5.58
3.00	3.00	3.00	3.00	2.00
--	--	--	--	--
3.70	3.70	3.70	4.10	3.95
4.50	4.50	4.50	4.50	5.00
1.00	1.00	1.00	1.00	1.00
15.25	15.84	15.84	15.84	14.61
4.00	4.00	4.00	4.00	4.00
6.10	6.10	6.10	6.10	7.68
18.38	18.38	18.38	18.38	17.98
19.30	22.35	21.35	21.35	19.41
3.30	4.30	4.30	4.30	4.30
326.71	330.82	330.69	335.98	323.17

**City of Cedar Falls, Iowa
Operating Indicators by Function
Last Ten Fiscal Years**

	Fiscal Year		
	2005	2006	2007
Public Safety			
Police			
Physical arrests	1,616	1,670	1,421
Traffic violations	6,007	4,705	2,562
Parking violations	34,056	29,952	25,575
Fire			
Number of calls answered	1,452	1,599	1,925
Inspections conducted	1,807	2,517	2,331
Sewer			
Sewage System			
Daily average treatment in gallons	4,600,000	4,550,000	5,730,000
Maximum daily capacity of treatment plant in gallons	21,600,000	21,600,000	21,600,000
Water System			
Daily average consumption in gallons	3,439,943	3,636,258	3,379,708
Maximum daily capacity of plant in gallons	21,600,000	21,600,000	21,600,000
Refuse ¹			
Solid Waste			
32 Gallon Containers	3,299	3,344	3,382
68 Gallon Containers	5,903	5,997	6,169
95 Gallon Containers	1,284	1,464	1,652
Yard Waste			
95 Gallon Containers	4,924	5,280	5,575

Sources: Various city departments

¹ Statistics begin in FY04

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
1,353	1,501	1,403	1,199	1,088	1,178	1,057
7,267	3,544	3,237	2,966	2,938	5,554	5,095
26,354	25,267	21,726	18,646	18,619	20,889	14,780
1,936	2,016	1,937	1,924	2,166	2,190	2,113
2,470	2,076	3,750	1,854	1,929	2,843	2,318
6,510,000	5,130,000	5,726,000	5,210,000	4,100,000	4,100,000	4,930,000
21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000	21,600,000
3,660,000	4,110,000	4,135,000	3,400,000	3,400,000	3,400,000	4,090,000
21,600,000	21,600,000	22,813,000	23,400,000	23,400,000	23,400,000	23,400,000
3,529	3,735	4,047	4,343	4,572	4,600	4,905
6,273	6,337	6,490	6,780	6,990	6,899	7,165
1,760	1,876	1,998	2,163	2,301	2,307	2,398
5,769	5,999	6,281	6,554	6,741	6,916	7,155

**City of Cedar Falls, Iowa
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year				
	2005	2006	2007	2008	2009
Public safety					
Police					
Stations	1	1	1	1	1
Patrol Units	12	10	10	10	10
Fire					
Stations	2	2	2	2	2
Fire apparatus	8	8	8	8	8
Public works					
Streets					
Miles	203	205	210	215	217
Street lights	2,695	2,705	2,856	2,998	3,025
Health and social services					
Hospital	1	1	1	1	1
Number of patient beds	101	101	101	101	101
Cultural and Recreation					
Hearst Center for the Arts	1	1	1	1	1
Library	1	1	1	1	1
Cemeteries	3	3	3	3	3
Acreage	56.9	56.9	56.9	56.9	56.9
Golf	3	3	3	3	2
Miniature golf course	1	1	—	—	—
Parks	34	34	34	34	34
Acreage	1,116	1,116	1,116	1,136	1,136
Recreation					
Recreation Center	1	1	1	1	1
Swimming pools	3	3	3	3	3
Softball fields	8	8	8	8	8
Baseball fields	2	2	2	2	2
Tennis courts	6	6	6	6	6
Sewer					
Sewage System					
Miles of sanitary sewer	162	163	169	177	178.62
Miles of storm sewers	161	162	167	168	171.2
Number of treatment plants	1	1	1	1	1
Number of service connectors	11,039	11,649	11,966	11,975	12,145
Water Systems					
Miles of water mains	175.30	184.70	181.80	192.90	195.70
Number of service connectors	11,407	11,682	12,041	12,212	12,169
Number of city owned fire hydrants	1,593	1,717	1,771	1,951	1,892

Sources: Various city departments

Fiscal Year				
2010	2011	2012	2013	2014
1	1	1	1	1
10	10	10	10	10
2	2	3	3	3
8	8	8	8	8
217	217	217	217	217
3,048	3,080	3,088	3,104	3,109
1	1	1	1	1
101	101	101	101	101
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
56.9	56.9	56.9	56.9	56.9
2	2	2	2	2
--	--	--	--	--
34	34	33	34	35
1,136	1,136	1,131	1,132	1,148
1	1	1	1	1
3	3	3	3	3
9	9	9	9	9
2	2	2	2	2
6	6	6	6	6
178.99	180.11	180.47	185.94	187.4
171.4	172.13	172.33	176.18	177.6
1	1	1	1	1
12,187	12,544	12,544	12,544	12,826
198.24	199.00	199.00	201.50	201.70
12,328	12,544	12,544	11,996	12,071
1,923	2,067	2,067	2,011	2,038



Information to Comply with Government Auditing Standards
and OMB Circular A-133, Audits of States, Local
Governments and Non-Profit Organizations
June 30, 2014

City of Cedar Falls, Iowa

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 .3	
Schedule of Expenditures of Federal Awards	5
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**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Cedar Falls, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Falls, Iowa, (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 8, 2014. Our report includes a reference to other auditors who audited the financial statements of the Cedar Falls Utilities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City and are reported in Part IV of the accompanying Schedule of Findings and Questioned Costs. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Eric Sully in cursive script.

Dubuque, Iowa
October 8, 2014



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Cedar Falls, Iowa

Report on Compliance for The Major Federal Program

We have audited the City of Cedar Falls, Iowa's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2014. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Cedar Falls, Iowa, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the City of Cedar Falls, Iowa, as of and for the year ended June 30, 2014, and have issued our report thereon dated October 8, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Dubuque, Iowa
October 8, 2014

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce:			
Direct program:			
Economic Adjustment Assistance	11.307		\$ 853,631
U.S. Department of Housing and Urban Development:			
Direct program:			
Community Development Block Grants/Entitlement Grants	14.218		199,490
Pass-through program from:			
Iowa Department of Economic Development:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRH-207	30,455
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRHB-227	141,055
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRI-240	2,920
			174,430
City of Waterloo, Iowa:			
Home Investment Partnerships Program	14.239	M01DC190206	36,731
Direct program:			
Section 8 Housing Choice Vouchers	14.871		1,205,080
Total U.S. Department of Housing and Urban Development			1,615,731
U.S. Department of Justice:			
Pass-through program from:			
City of Waterloo, Iowa:			
Joint Law Enforcement Operations	16.111	IA0070300	10,730
Direct program:			
Joint Law Enforcement Operations	16.111		750
			11,480
Bulletproof Vest Partnership Program	16.607		1,895
Public Safety Partnership and Community Policing Grants	16.710		20,931
Total U.S. Department of Justice			34,306

City of Cedar Falls, Iowa
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Pass-through program from:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	EDP-1185(637)--7Y-07	\$ 1,000,093
Highway Planning and Construction	20.205	STP-E-1185(637)--7Y-07	272,000
Highway Planning and Construction	20.205	STP-U-1185(635)--70-07	365,083
			<u>1,637,176</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	14-402	9,438
State and Community Highway Safety	20.600	13-04	1,724
			<u>11,162</u>
Total U.S. Department of Transportation			<u>1,648,338</u>
Total			<u>\$ 4,152,006</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cedar Falls, Iowa, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

Note 2 - Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 24,213
Public Safety Partnership and Community Policing Grants	16.710	\$ 20,931

Part I: Summary of the Auditor's Results:

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No
Identification of major program:	
<u>Name of Federal Program</u>	<u>CFDA Number</u>
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Part II: Findings Related to the Financial Statements:

There were no findings to report.

Part III: Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs to report.

Part IV: Other Findings Related to Required Statutory Reporting:

2014-IA-A Certified Budget - Disbursements during the year ended June 30, 2014, did not exceed the amount budgeted.

2014-IA-B Questionable Expenditures - We noted no expenditures that we believe may fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2014-IA-C Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

2014-IA-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Mare Madsen Schmidt, council member, owner of Art Store & More	Services	\$ 139
Jared Mason, employee, owner of JM Guns	Services	229

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

2014-IA-E Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

2014-IA-F Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

2014-IA-G Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

2014-IA-H Revenue Loan – No instances of non-compliance with the sewer state revolving loan revenue debt provisions were noted.

2014-IA-I Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

City of Cedar Falls, Iowa
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

There were no prior year federal findings.